RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-DEC-1999 09:51:01.00

SUBJECT: OPED

TO: Martin N. Baily (CN=Martin N. Baily/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.D69]ARMS238704646.336 to ASCII,
The following is a HEX DUMP:

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

The American economy is working. Since January 1993, payrolls have swelled by 20 million. A larger percentage of the population is employed now than at any previous time and the unemployment rate, at 4.1 percent is at its lowest level in 30 years. These employment gains have been widely shared. Labor force participation rates of women, African Americans and Hispanics are all at record levels.

While the job totals are impressive, even more heartening is the quality of the jobs that have been created. Recent analysis by the CEA has found that eighty one percent of all new jobs are located in industry/occupation categories that pay above median wages. And the good jobs have not only gone to the professional elite: Excluding professional occupations from our sample, we still found that 71 percent of the new jobs were in categories paying above median wages. And its not only those with college degrees who are gaining. When we looked only at workers with a high school education, we found an overwhelming proportion of the job growth in the categories in which these workers earn the highest wages. To be sure, over the past two years, good manufacturing jobs have been lost because of the export slump due to financial crisis and slow foreign growth, but these losses have been more than offset by employment growth in the rest of the economy.

In addition to creating good new jobs, the economy has been rewarding all who work. In the 1980s real wage growth was confined to high-wage workers who were typically highly educated and real wages at the lower end of the wage distribution actually fell. But in the second half of the 90s, by contrast, workers throughout the wage distribution have experienced strong real wage growth – with those at the bottom enjoying the highest growth rates. Since 1995 the lowest decile have enjoyed real wage increase of X percent while wages in the top decile have increased by YY percent. Since 1994, the growth in average weekly wages of high school graduates have matched those with college degrees. Labor's share of income is back to its historic average. (Check)

These strong earnings gains help explain why the poverty rate has fallen to its lowest level since 1979 and the Gini coefficient, the most comprehensive measure of income inequality, has remained essentially unchanged in the course of the recovery.

These results may come as a surprise. The forces of globalization and technology are clearly powering the expansion. Our economy is more open than ever before. Likewise as a share of GDP, investment in information technology stands at record levels. It has become conventional wisdom that increased global involvement and rapid technological change inevitably damage the prospects of low wage workers. Yet, over the past five years, this has not been the case. It appears that conventional wisdom has overlooked the role these forces have played in allowing us to operate a high employment economy with less inflationary pressures. A more open economy can limit inflationary pressures by drawing on global capacity. Faster productivity growth permits higher wages without the need to raise prices. And with less inflation, the economy can be operated at levels which provides greater opportunities for those at the bottom.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Audrey Choi (CN=Audrey Choi/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 2-DEC-1999 20:33:57.00

SUBJECT: NY Times on Child Labor

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

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

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

TEXT:
FYI
---------------------- Forwarded by Audrey Choi/CEA/EOP on 12/02/99 08:33
PM ---------------------------

Sarah Rosen Wartell
12/02/99 06:17:38 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: NY Times on Child Labor

---------------------- Forwarded by Sarah Rosen Wartell/OPD/EOP on
12/02/99 06:17 PM ---------------------------

Rachael F. Goldfarb
12/02/99 06:15:49 PM
Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP@EOP
cc:
Subject: NY Times on Child Labor

December 2, 1999

Clinton Signs Child Labor Treaty

Related Article
Seattle Cracks Down On Rioters, as Ministers Wage Trade Battles

Forum
Join a Discussion on the Protests Against the World Trade Organization

By THE ASSOCIATED PRESS

EATTLE -- With protest-marred world trade talks in the background, President Clinton on Thursday signed a treaty that would ban the worst forms of child labor, which he said "shock the conscience and haunt the soul".

The signing ceremony for the International Labor Organization treaty came in the middle of a tumultuous session of the World Trade Organization, of which Clinton's allies in organized labor have been outspoken critics.

Clinton's message around the treaty signing seemed aimed at reassuring labor leaders of his support for their cause, especially for addressing concerns about worker rights in the increasingly globalized economy.

With the secretaries of labor and commerce, AFL-CIO President John Sweeney and business leaders in the audience, Clinton said the treaty is proof that business and labor could come together on important international issues.

"The step we take today affirms fundamental human rights," Clinton said.
"Ultimately that's what core labor standards are all about. Not an instrument of protectionism or a vehicle to impose one nation's values over another, but about shared values, the dignity of work, the decency of life, the fragility and importance of childhood."

The Clinton administration played a leading role in negotiating the child labor treaty, unanimously approved in June by delegates to the I.L.O., which is an arm of the United Nations.

"This convention is a breakthrough for the children of the world and an important milestone in President Clinton's efforts to help us put a human face on the global economy," said Labor Secretary Alexis Herman.

Labor leaders were pleased that Clinton mentioned including sanctions in trade agreements to punish labor violations, a notion that is anathema to most WTO members. But administration officials were quick to characterize Clinton's comments as a future goal, not a negotiating plank for the current talks.

The treaty targets only the most egregious forms of child servitude, including slavery and bondage; the use of children for prostitution, in pornography or illegal activities such as drug trafficking; and hazardous work.

In his address Wednesday, Clinton urged trade ministers to begin considering such concerns in their deliberations over global trade.

"I believe the WTO should collaborate more closely with the I.L.O., which has worked hard to protect human rights, to ban child labor," he said.

"To deny the importance of these issues in the global economy," he said, "is to deny the dignity of work."

Sweeney signed on to support Clinton's W.T.O. negotiating agenda, which calls for the establishment of a working group on labor standards.

But Sweeney and other labor leaders are skeptical about the benefits to workers of untrammeled global trade and they oppose including China in the W.T.O., a Clinton priority.

Sweeney met with Clinton Wednesday evening and laid out labor's concerns about the W.T.O.'s record on considering the impact of

trade
on workers. "John Sweeney had a chance to tell him that no
agreement
out of the W.T.O. is a lot better than a bad agreement," said
AFL-CIO
spokeswoman Denise Mitchell.

Labor and environmental groups led tens of thousands of
protesters
against the W.T.O. on Tuesday, a march that was overshadowed by a
smaller number of violent demonstrators.

Police in riot gear were on every street corner near the
downtown sites
where Clinton appeared on Wednesday. Tear gas wafted along the
sidewalk as his motorcade returned to the Westin Hotel in the
afternoon,
and the Secret Service locked down the hotel for about 20
minutes,
refusing to allow anyone to enter or exit.

The president strove to draw a distinction for the W.T.O.
ministers
between the violent activists and the legitimate questions
raised by
peaceful demonstrators from organized labor and environmental
groups.

"I condemn the small number who were violent and who tried to
prevent
you from meeting, but I am glad the others showed up," he said.
"They
represent millions of people who are now asking questions about
whether
this enterprise in fact will take us all where we want to go.
And we ought
to welcome their questions and be prepared to give an answer."

Message Sent
To:____

Rachael F. Goldfarb/OPD/EOP@EOP
Karen Tramontano/WHO/EOP@EOP
Susan E. Alesi/OMB/EOP@EOP
Broderick Johnson/WHO/EOP@EOP
Lauren K. Gillespie/WHO/EOP@EOP
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Joanna E. Slaney/WHO/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-DEC-1999 14:51:01.00

SUBJECT: SPR and Y2K

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

TEXT:
Robert,

NEC ran the SPR and Y2K meeting this morning, and DOE, Treasury, OMB, CEA, DOD, Y2K Council, and State attended. DOE advocated for the President directing Secretary Richardson to take contingent bids for SPR oil in mid-December for delivery in early January in the event of a Y2K crisis. If a Y2K crisis did not occur, then these bids would be cancelled. Treasury, OMB, and CEA were unambiguously opposed to the idea. State was skeptical. DOD also was skeptical, but it was also clear that this issue had not been fully vetted at senior levels. The Y2K Council noted that they could only support doing something like this if we had a clear (and publicly announced) justification for it.

The law that allows for an SPR drawdown notes that a drawdown can be authorized by the President for 2 reasons:

1) The President finds that a drawdown is required due to "a severe energy supply interruption or obligations of the United States under the International Energy Program." This authority was used for the drawdown in January 1991 because of the Persian Gulf War.

2) The President finds "a circumstance... exists that constitutes, or is likely to become, a domestic or international energy supply shortage of significant scope or duration." This is the authority DOE wants to invoke for accepting contingent bids for a possible Y2K disruption.

Treasury argued that such a finding under #2 cannot be justified based on the facts. Further, language this strong could send a negative signal to markets, and raise possible problems of having to explain such a finding. For example, we would likely be asked which countries do we expect to be unable to deliver oil.

I noted that we should try to assess what economic problem we are trying to address with an early solicitation of bids. I quoted FRB staff who have stated that a Y2K oil disruption is very different from previous disruptions, because we know exactly when it would start, if it even exists, and we also know that it won't last long. Their view then was that a disruption could bump up CPI for a quarter, but since the Fed knows that it is not a long-lasting effect, it would be very unlikely to use monetary policy to address it. The Fed's view is that monetary policy responses to oil shocks cause unemployment and slow economic growth, not oil shocks themselves (DOE said they did not agree with this point; I said I deferred to FRB staff on issues such as effects of monetary policy on the economy).

An early solicitation of bids would allow SPR oil to be delivered the first week of January in the event of a Y2K disruption, whereas our preferred approach of being ready to make the call on 1/1/00, would put us in a position of delivering oil early in the 3rd week of January. Do we risk sending the wrong signal to markets and the international community for the very small probability that there is a significant enough disruption that it really rocks the economy for 2 weeks? Saudi Arabia, Venezuela, and Mexico have stated that their oil systems are Y2K compliant and they will pump more oil to address any Y2K event (they have 3.5 mm bbls/d excess capacity currently). Iran, which may be at risk of a Y2K disruption, currently has about 30 mm bbls stored in tankers off-shore, enough to cover about 10 days of average production.

DOE did not appear satisfied with the discussion in this meeting and I would not be surprised if Secretary Richardson pushes for a principles meeting next week. Martin and I discussed this issue over lunch today. If I hear more, I will let you know.

Joe

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Audrey Choi (CN=Audrey Choi/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 2-DEC-1999 20:37:51.00

SUBJECT: oped-draft1

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

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

TEXT:
here's my rough first cut edit to the oped. hit launch to see redlined
version.

we should aim to fill in the blanks and get the language to something you
(martin) are happy with during the morning tomorrow, so that WW can have
it in hand to start pitching early afternoon at the latest.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D18]ARMS24149084C.336 to ASCII,
The following is a HEX DUMP:

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

~~The American economy is working~~ The current economic expansion is lifting a vast fleet of boats. Since January 1993, when President Clinton took office, 20 million new jobs have been created.~~payrolls have swelled by over 20 million~~. A larger percentage of the population is employed now than ever before~~at any previous time~~ and the unemployment rate, at X.X~~4.1~~ percent is at its lowest level in XX~~30~~ years. These employment gains have been widely shared. Labor force participation rates of women, African Americans and Hispanics are all at record levels.

While the job totals are impressive, even more heartening is the quality of the jobs that have been created. Recent analysis by the Council of Economic Advisers and the Department of Labor has found that a stunning eighty one percent of these 20 million new jobs are located in industry and~~/~~occupation categories that pay above median wages. And 65 percent of these new jobs are in the highest paying third of industry and occupation categories.

Certainly, many of these good new jobs went to people with high levels of education, going into professional or managerial jobs. But, importantly, the benefits of this rising tide aren't just reaching the elite: ~~And the good jobs have not only gone to the professional elite:~~ Excluding professional occupations from our sample, we still found that 71 percent of the new jobs were in categories paying above median wages. [SUCH AS?? NEED SOME REAL PEOPLE EXAMPLES] ~~And its not only those with college degrees who are gaining.~~ Excluding workers with a college degree or higher, we still ~~When we looked only at workers with a high school education, we~~ found an overwhelming proportion [HOW MUCH??] of the job growth was in the categories in which these workers earn the highest wages. [NEED SOME SUPPORTING EVIDENCE TO BOLSTER THIS. IT"S RATHER THIN NOW]

[THIS GRAF KIND OF COMES FROM NOWHERE.; NEED TO FIND A BETTER LEDE-IN/TRANSITION OR PUT THIS SOMEWHERE ELSE] From 1993 to 1998 manufacturing jobs grew rapidly along with the rest of the economy. Since then there have been jobs losses as a result of the international financial crisis. But even so, there are a quarter of a million more manufacturing jobs today than there were in January 1993.

In addition to creating good new jobs, the economy has been rewarding all groups of workers. In the 1980s expansion real wage growth was confined to those workers already earning high wages and ~~high-wage workers~~ who were typically highly educated. Indeed, real wages at the lower end of the wage distribution actually fell. But starting in 1994, workers throughout the wage distribution have experienced strong real wage gains – with those at the bottom enjoying the highest growth rates. Since 1994 the lowest decile have enjoyed a real increase in weekly wages of XX percent while wages in the top decile have increased by YY percent. Since 1994, the growth in the average weekly wages of high school graduates has matched those with college degrees.

INSERT CHART THAT SHOWS EVEN WAGE GROWTH DISTRIBUTION IN THIS EXPANSION VS UNEVEN IN 80S.

Over the last five years, typical families have seen their incomes rise by 12.1 percent, and the poverty rate has fallen to its lowest level since 1979. African Americans have seen their incomes rise by 21 percent and their poverty rate has fallen to the lowest level in history. ~~These strong earnings gains help explain why the poverty rate has fallen to its lowest level since 1979 and~~ Tthe Gini coefficient, which measures income inequality, had been steadlily rising from 19XX-19XX. In this expansion, however, the inequality has stopped rising as all boats have been lifted roughly equally. ~~the most comprehensive measure of income inequality, has remained essentially unchanged in the course of the recovery.~~ ADD SOME DETAIL, NUMBERS TO ADD HEFT TO THIS STATEMENT

These results may come as a surprise. The forces of globalization and technological change are clearly at work in this expansion. Our economy is more open to international trade than ever before. Likewise as a share of GDP, investment in information technology stands at record levels. It has become conventional wisdom that increased global involvement and rapid technological change inevitably damage the prospects of low-wage workers. Yet, over the past five years, this has not been the case. Conventional wisdom overlooked the role these forces have played in allowing us to operate a high employment economy with less inflationary pressures. A more open economy with faster productivity growth permits higher wages without triggering price increases. And with less inflation, the economy can be operated at levels providing greater opportunities for those at the bottom.

The President's economic policies have played a key role in this success. The shift from huge budget deficits to surpluses has led to a virtuous circle of lower interest rates and higher investment. This investment brought new technology into the workplace and raised capacity and productivity. Increased opportunities for education and training have allowed people to move into better-paying jobs. In addition, increases in the minimum wage and boosts to the Earned Income Tax Credit have helped make work pay for less-skilled workers. The President has also worked to reduce trade and investment barriers, an effort that continued last week in Seattle. It is appropriate to celebrate the amazing growth of good jobs since January 1993 and desirable to sustain the Clinton-Gore strategy of fiscal prudence, investing in people and opening foreign markets.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-DEC-1999 20:24:00.00

SUBJECT: Memo for Tomorrow's meeting

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

TEXT:
FYI.
---------------------- Forwarded by Joseph E. Aldy/CEA/EOP on 12/02/99
08:23 PM ---------------------------

Robert.Cumby@do.treas.gov
12/02/99 08:15:53 PM
Record Type: Record

To: Prabal.Chakrabarti@do.treas.gov, David.Wilcox@do.treas.gov
cc: Joseph E. Aldy/CEA/EOP
Subject: Memo for Tomorrow's meeting

Date: 12/02/1999 08:12 pm (Thursday)
From: Robert Cumby
To: WILCOXD, ChakrabartiP
CC: EX.MAIL."Joseph_E._Aldy@cea.eop.gov"
Subject: Memo for Tomorrow's meeting

David:

Here is a draft memo for tomorrow's meeting. I have spoken with Joe a couple of times today about this and he sent me the talking points he prepared for Robert. I have used them extensively in providing the substantive details on the two issues of main concern.

I think you will be fairly familiar with both issues: vsly v. vsl and the health effects of pm concentration at low concentration levels.

Bob

- TIER2RIA.WPD

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D14]ARMS23768084U.336 to ASCII,
The following is a HEX DUMP:

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

December 2, 1999

MEMORANDUM FOR DAVID WILCOX

FROM: Bob Cumby

SUBJECT: OMB/OIRA Meeting on Benefits Estimates

I suggest the following line of argument for doing high/low benefits estimates. I have collaborate with Joe Aldy on this.

- Recognize the problems of ending up with extreme outcomes from tail values for high-high-high-high... and low-low-low-low... parameter values in computing the high and low benefits cases.

- The problem that we face is that the distribution of some of the key parameters is unknown
  - One reason might be that they come from studies reaching different conclusions rather than from a single estimate with an estimated standard error.
  - And at least one key difference is not about the distribution of a parameter, but on methods (VSL v. VSLY).

- When the distribution of parameters is unknown, the study cannot provide a central case with an estimate of the distribution around that central estimate. In such an instance, OMB directives for cost/benefit analysis indicate that the study look at plausible alternative values.

- How then should we make the high/low approach operational?
  - To avoid extremely high and low probability estimates, we should focus the high and low benefit estimate on a couple of key parameters about which there is considerable uncertainty.
  - For other parameters, consensus values would be used.
  - Rather than taking tail values for the key parameters (which would be hard anyway because the distribution is unknown) plausible alternatives should be used. It is hard to define "plausible" in an tight way without reference to the specifics, but the idea is that the parameter estimates should chosen to reflect extremes.

It is almost certainly easier to deal with the specifics here rather than general rules. I suggest that you spend as little time as possible on general issues of designing how to do high/low estimates in general and focus on the specifics of this case.

There are two key issues that will arise in this context (shared by the 126 and Tier II rules):

- Should the benefit estimates be based on the value of a statistical life or on the value of a statistical life year?
- How should the benefits of reductions in PM concentrations, especially below a threshold be accounted for?

The first of these, as you know, is the source of a long-standing methodological dispute. The second is an issue about which there is a great deal of scientific uncertainty. Together these assumptions have an enormous impact on the estimated benefits of reduced PM exposures and on the overall benefits of the rule(s). Some discussion of the substance of each of these follows.

VSL v. VSLY. Using the value of a statistical life rather than the value of a statistical life year overstates the benefits from reduced premature PM-related mortality. The EPA's science advisory board agrees and suggests that VSLY, represents an improvement (albeit crude) over VSL.

- "The agency has valued the statistical lives saved by the CAAA (Clean Air Act Amendments of 1990) in two ways – using a value per statistical life (VSL) of $4.8 million (1990 dollars), and using a value per statistical life-year saved of $293,000 (1990 dollars). Although the Council advised the Agency to use these numbers, we believe they both have severe limitations. The first number is the mean VSL based on 26 studies identified during the Retrospective Study. We are troubled by the fact that the populations in the 26 studies are not a good match for the population whose lives are extended by the CAAA. As the Prospective Study notes, the mean remaining life expectancy of persons whose lives are extended by the CAAA is 14 years. It is 35 years in the 26 studies. The use of a value per statistical life-year saved is an attempt to adjust for this fact, but it is a crude one" (EPA Science Advisory Board 10/29/99 letter #2, p. 7).

In addition, the scientific advisory board thinks that EPA's estimate of VSL is too high.

- "The Council is uncomfortable with the Agency's use of $4.8 million (1990 U.S. dollars) for the Value of a Statistical Life (VSL) and $293,000 for the Value of a Statistical Life-Year (VSLY) to value mortality risk reductions from reduced air pollution. We question the appropriateness of the $4.8 million VSL even as a measure of prime-aged individuals' willingness to pay (WTP) for risk reductions, and we question the application of a WTP estimate for prime-aged individuals to a population of older individuals and people who are in poor health. Time limitations did not permit a more thorough treatment of this issue prior to completing the first Prospective Study; hence we recommended that the Project Team use the $4.8 million figure. For future studies, however, we recommend that the Agency revisit the literature on the value of premature mortality risk reductions" (EPA Science Advisory Board 11/19/99 closure letter, p. 5).

Health effects of PM concentrations. There is a great deal of uncertainty about the healte effects of reduce PM concentrations, especially below a threshold level of 15 units (ug/m3). EPA's Science Advisory Board noted that there is no proven causal mechanism for PM exposure and premature mortality; the benefits estimates are based on statistical associations.

- "Much of the epidemiological data, particularly the Particulate Matter mortality data have not been validated for causality. Thus, there is an assumed relationship between mortality and PM at present ambient concentrations" (EPA Science Advisory Board 10/29/99 letter #1, p. 6).

The National Academy of Sciences has indicated that there is a great deal of uncertainty about the statistical associations between PM concentrations and health effects.

- "The biological basis for most of the associations is essentially unknown at the ambient particulate levels at which the associations were observed. There is a great deal of uncertainty about the implications of the findings for risk management, due to the limited scientific information about the specific types of particles that might cause adverse health effects, the contributions of particles of outdoor origin to actual human exposures, the toxicological mechanisms by which the particles might cause adverse health effects" (National Academy of Sciences 1998, p. 2).

Recommendation. I believe our best bet is to argue (along with CEA) that given the methodological differences and given the considerable uncertainty about the health effects of reduce PM concentrations, that a single estimate fails adequately to reflect the uncertainty involved with the benefit estimates and that two plausible benefit estimates be presented instead.

Presenting a range of benefits in terms of a "high" and a "low" estimate is consistent with Administration precedent (1997 Ozone/PM NAAQS, 1998 NOX OTAG SIP Call, 1999 Regional Haze rule). Such an approach is also consistent with OMB guidelines for benefit-cost analysis for those cases where we cannot statistically characterize the uncertainty.

Given the large role that PM-related premature mortality plays in the monetized benefits estimates, we recommend two alternative assumptions that reflect the concerns of EPA's Science Advisory Board and the National Academy of Sciences, as well as our concerns. We are not recommending assumptions that have a low probability of being correct – we believe these are just as plausible as the assumptions EPA prefers.

- First, we should recommend using a VSLY instead of a VSL for monetizing premature mortality risk. We should note our agreement with the SAB that both the VSL and the VSLY are overestimates, but we believe that given time constraints for these rules, that we should use current VSLY estimates and that all interested agencies should work together in revising VSL and VSLY estimates for future rule-makings.

- Second, we should recommend using a threshold for PM effects. This is consistent with the NAS concerns that there are significant uncertainties at the ambient concentrations under consideration here. Moreover, a threshold of 15 ug/m3 is consistent with EPA's claim that a PM standard of 15 ug/m3 is set sufficient to protect public health with an adequate margin of safety. EPA's defense of this standard in the courts has indicated that there are significant uncertainties about health effects below this concentration.

In addition, CEA will argue that the benefits estimate should include the effects of tropospheric ozone screening of UV-B radiation in the low estimate. The following quotes from the piece that Joe prepared for Robert. (In contrast, much of the preceding material combines direct quotes, near quotes, and some paraphrasing.)

- The last two state of the science reports on ozone depletion by the World Health Organization have clearly stated that tropospheric ozone provides public health benefits by screening ultraviolet radiation:

  "[Many] Several studies have documented the harmful effects of ozone on crop production, forest growth, and human health. The substantial negative effects of surface-level tropospheric ozone from this direct toxicity contrast with the benefits of the additional filtering of UV-B radiation that it provides" (WMO 1994, p. 19; WMO 1998, p. 21).

  We are seriously concerned that EPA continues to promulgate rules without accounting for the public health trade-off so explicitly illustrated by the WHO. EPA has previously quantified such effects, as has the peer reviewed literature. While EPA may claim that uncertainties in spatial and temporal distributions of ozone and subsequent changes in UV-B exposure make it too difficult to estimate the change in risk of skin cancer, cataracts, etc., EPA does manage to address the same kind of spatial and temporal uncertainties associated with exposures to high concentrations of PM and ozone for other public health effects. EPA's concerns that the change in UV-B screening is small, and thus too uncertain, is comparable to the small changes in ambient concentrations of ozone and PM that drive their benefits estimates.

I believe we should support the CEA on this.

If we are unable to convince OMB that a high and low benefit estimate should be presented, we should signal that we would not be willing to sign off on the analysis. As you recall clearly, we have been forced to do so on EPA's Section 812 Report on the Benefit-Cost Analysis of the 1990 Clean Air Act Amendments.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael J. Brien (CN=Michael J. Brien/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 2-DEC-1999 17:57:30.00

SUBJECT: Re: forgot attachment

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

TEXT:
Robert:

The percentage change in wages between 1994 and 1998 at the 10 percentile is 5 percent. The comparable figure at the top decile is 5.3 percent. Do you want to use quarterly data and extend it to the third quarter of 1999?

Mike

Robert Z. Lawrence
12/02/99 03:23:18 PM
Record Type: Record

To: Martin N. Baily/CEA/EOP@EOP
cc: Audrey Choi/CEA/EOP@EOP, Kathryn L. Shaw/CEA/EOP@EOP, Michael J. Brien/CEA/EOP@EOP
Subject: Re: forgot attachment

Here is the latest version of a possible op-ed. Mike could you add the figures for real wage growth by decile?

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D88]ARMS251808749.336 to ASCII,
The following is a HEX DUMP:

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

The American economy is working. Since January 1993, when President Clinton took office, payrolls have swelled by over 20 million. A larger percentage of the population is employed now than at any previous time and the unemployment rate, at 4.1 percent is at its lowest level in 30 years. These employment gains have been widely shared. Labor force participation rates of women, African Americans and Hispanics are all at record levels.

While the job totals are impressive, even more heartening is the quality of the jobs that have been created. Recent analysis by the Council of Economic Advisers and the Department of Labor has found that eighty one percent of new jobs are located in industry/occupation categories that pay above median wages. And the good jobs have not only gone to the professional elite: Excluding professional occupations from our sample, we still found that 71 percent of the new jobs were in categories paying above median wages. And its not only those with college degrees who are gaining. When we looked only at workers with a high school education, we found an overwhelming proportion of the job growth was in the categories in which these workers earn the highest wages. From 1993 to 1998 manufacturing jobs grew rapidly along with the rest of the economy. Since then there have been jobs losses as a result of the international financial crisis. But even so, there are a quarter of a million more manufacturing jobs today than there were in January 1993.

In addition to creating good new jobs, the economy has been rewarding all groups of workers. In the 1980s real wage growth was confined to high-wage workers who were typically highly educated. Indeed, real wages at the lower end of the wage distribution actually fell. But starting in 1994, workers throughout the wage distribution have experienced strong real wage gains – with those at the bottom enjoying the highest growth rates. Since 1994 the lowest decile have enjoyed a real increase in weekly wages of XX percent while wages in the top decile have increased by YY percent. Since 1994, the growth in the average weekly wages of high school graduates has matched those with college degrees.

Over the last five years, typical families have seen their incomes rise by 12.1 percent, and African Americans have seen their incomes rise by 21 percent. These strong earnings gains help explain why the poverty rate has fallen to its lowest level since 1979 and the Gini coefficient, the most comprehensive measure of income inequality, has remained essentially unchanged in the course of the recovery.

These results may come as a surprise. The forces of globalization and technological change are clearly at work in this expansion. Our economy is more open than ever before. Likewise as a share of GDP, investment in information technology stands at record levels. It has become conventional wisdom that increased global involvement and rapid technological change inevitably damage the prospects of low-wage workers. Yet, over the past five years, this has not been the case. Conventional wisdom overlooked the role these forces have played in allowing us to operate a high employment economy with less inflationary pressures. A more open economy with faster productivity growth permits higher wages without triggering price increases. And with less inflation, the economy can be operated at levels providing greater opportunities for those at the bottom.

The President's economic policies have played a key role in this success. The shift from huge budget deficits to surpluses has led to a virtuous circle of lower interest rates and higher investment. This investment brought new technology into the workplace and raised capacity and productivity. Increased opportunities for education and training have allowed people to move into better-paying jobs. In addition, increases in the minimum wage and boosts to the Earned Income Tax Credit have helped make work pay for less-skilled workers. The President has also worked to reduce trade and investment barriers, an effort that continued last week in Seattle. It is appropriate to celebrate the amazing growth of good jobs since January 1993 and desirable to sustain the Clinton-Gore strategy of fiscal prudence, investing in people and opening foreign markets.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-DEC-1999 15:45:46.00

SUBJECT: WTO Interview.

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

TEXT:
F.Y.I. I will be giving an interview on BBC Radio on the US interest in
the WTO at 5:30pm

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-DEC-1999 10:20:20.00

SUBJECT: Ron Minsk's Mtg on SPR: Preparing for Y2K, TODAY

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

TEXT:
Joe wants to know if you could attend Minsk's mtg today at 11am (Rm. 231). He believes it's senior-level, however, Ron wants heavyweights there to cancel(?) a proposal that another agency has on put on the table. Joe plans to forward to you a copy of an e-mail from Minsk providing more info.

You're scheduled to give your talk before the NEClub people at 12:30, lunch is at noon. So if you decide to attend Minsk's mtg what time do you want to depart OEOB?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 2-DEC-1999 13:08:05.00

SUBJECT: Phone Message from Nina Donaghy

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/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:
Contact: Nina DonaghyCompany: BBC World Service RadioPhone: 202-223-2050FAX: Message: Called to request an interview with you anytime over the next 5 to 6 hours re the American role in WTO. Could be done over the telephone, or you could come to their studio at 2030 M Street. Please call.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1999 14:56:35.00

SUBJECT: In Seattle's wake: What future for trade reform?

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

TEXT:
---------------------- Forwarded by Robert Z. Lawrence/CEA/EOP on 12/03/99
02:56 PM ---------------------------

Brookings_Trade@www.brookings.edu
12/03/99 06:13:48 AM
Please respond to trade@brook.edu
Record Type: Record

To: Brookings-George Mason Roundtable on Trade and Investment Policy
<brookings_trade@www.brook.edu>
cc:
Subject: In Seattle's wake: What future for trade reform?

Dear Colleague:

The tumultuous events in Seattle surely call into question the political viability of a future round of multilateral trade reform. To thrash out the consequences of recent events, a special meeting of the Brookings Roundtable on Trade and Investment Policy will be held on December 7, 1999 between 8-10am in the Stein Room at the Brookings Institution (1775 Massachusetts Avenue, NW). Gary Hufbauer, the Reginald Jones Senior Fellow at the Institute for International Economics, and Steven Kull, Director of Program of International Policy Attitudes (University of Maryland) and principal investigator of "Americans on Globalization: A Study of US Public Attitudes", have agreed to kick off the discussion, to which you or members of your staff are invited.

This Roundtable will meet over continental breakfast, which will be available from 8.00am. After some introductory remarks at 8.30am, Gary and Steve will start what promises to be a candid discussion on the political viability of trade reform. Questions and comments from the Roundtable's participants will follow, with the proceedings ending at 10am sharp. The Roundtable is held off-the-record, and no press or lobbyists are invited.

If you, or a member of your staff, are interested in attending then

please send an email to trade@brook.edu. Please be sure to state your name and affiliation, as this cannot always be inferred from your email address. If you wish to be listed on the participants list then please RSVP
by noon on December 6, 1999.

Should you intend on forwarding this email, please note that this event is only open to officials from the US government and international institutions; diplomats; academics and scholars from independent research-oriented think tanks. This selective invitation list, plus the off-the record format, has raised the candor and quality of the Roundtable discussions.

If you have any questions about this (or any) meeting of the Roundtable then please do not hesitate to contact me at telephone number (732) 745 0422 or at email address sevenett@mindspring.com.

Yours sincerely,

Simon J. Evenett

Moderator
The Brookings Roundtable on Trade and Investment Policy

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1999 10:07:34.00

SUBJECT: Morning Meeting for 12/02/99

TO: John G. Fernald (CN=John G. Fernald/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:
---------------------- Forwarded by Steven N. Braun/CEA/EOP on 12/03/99
10:06 AM ---------------------------

Medley_Global_Advisors@medleyadvisors.com
12/02/99 11:22:59 AM
Record Type: Record

To:
cc:
Subject: Morning Meeting for 12/02/99

Medley Global Advisors 212-219-9096

(See attached file: mmdecem2.PDF)

- mmdecem2.PDF

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D80]ARMS25117484M.336 to ASCII,
The following is a HEX DUMP:

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

Medley Global Advisors

Morning Meeting

December 2, 1999

Argentina: De la Rua's window of opportunity is closing fast
Indonesia: Wahid asks Jiang for support
China: The unpublished WTO deal

ARGENTINA

<u>UST DOES NOT SUPPORT CCL FOR ARGENTINA</u>

President elect-De la Rua and his soon-to-be-governing Alianza are running out of time to get things in order before assuming office in 8 days. **The agreement with the soon-to-be-opposition Justicialismo to cooperate on the fiscal adjustment is unravelling, and the US has now made it clear that it is disinclined to support a mega-program of IMF support.** We continue to be unimpressed by the new team's ability to restore confidence to the market -- neither was visiting US Treasury Secretary Larry Summers.

Budget negotiations between the Alianza and the Justicialismo ended unsuccessfully this week. Conversations will not resume until next Tuesday, providing one more worrisome indicator that the new government may not have the political wherewithal to push through the tough fiscal adjustment needed. The American visitors were brought up to date on things. Sources close to the discussions tell us that Machinea intimated that the budget negotiations with the regional governors are not going as well as expected and that failure to gain their support "in the very short-term" could further delay the initiation of formal conversations with the IMF. We have learned that the Fund is now planning to go to Buenos Aires on December 12, just two days after De la Rua's inauguration, but that **the Fund would be reluctant to go if support from the governors has not been secured.** Close advisors to De la Rua are concerned that Machinea may have already become ineffectual negotiating with the experienced opposition governors, and that a personal appeal by the President-elect next week may be the only way to persuade the governors to support the proposed fiscal adjustment plan.

Equally concerning is the message that Larry Summers delivered with respect to international support. In meetings with the outgoing economic team, it was made clear that the US would support Argentina's case to the IMF to receive additional funding. **But instead of the $10 billion dollars Contingent Credit Line that has been talked about in the markets, the US Treasury's inclination is to support only a waiver for non-compliance of the current agreement, and an expansion of the existing facility from $2.9 billion to $5.4 billion.** The US view is simple: additional liquidity alone is of no use and Argentina only has one way out of economic travails: "lower the deficit, so that rates can come down, and growth can start up again."

In Summers' conversations with the new team, he pressed for their views on dollarization. Machinea explained painstakingly that the new government does not support dollarization and that it has no plans to push the idea forward under any circumstances, even in a situation of extreme crisis. **The Secretary was concerned that the new team lacks a clear strategy to defend the convertibility plan in a situation of extreme market pressure to devalue, and despite the public statements of support, the US delegations was rather underwhelmed by the specifics of the Machinea fiscal adjustment plan,** which relies mainly on a generalized expansion of the value added tax and a $2.3 billion reduction in expenditure. DLR will begin his term next week with a few too many constituencies to please: a public that wants economic recovery now, restive governors looking to borrow and spend, US and IMF officials looking for taxes and savings, and market participants who are wary of unfulfilled promises.

INDONESIA

INTERNATIONAL AID WILL NOT BE ENOUGH TO JUMP-START INDONESIA'S ECONOMY

Former Indonesian President Habibie suffered internationally from the Suharto taint, but retained reasonable domestic control. **Newly elected President Wahid understood immediately that his own strong suit was on the international side. It is no surprise then, that he has spent much of his first months in office on the road,** hoping that the pictures of him being statesmanlike alongside the world's leaders will burnish his image back home. After all, neither Timor nor Aceh have any leader who can command audiences with heads of state from the White House to Zhongnanhai. **But the very real difficulties Wahid faces on the domestic side, both politically and economically, were evident in his summit conversations with China's President Jiang.** These are problems no IMF agreement will solve.

As is clear from the public statements issued after the summit, there were plenty of assurances about mutual diplomatic support for maintaining national integrity (China also faces problems in dealing with its ethnic regions, and Jiang lectured Wahid on the benefits of autonomous regions) and promises of protection for the rights of Indonesian Chinese.

We have learned that **underlying the promises of protection was an urgent request from President Wahid for Jiang's assistance in persuading Chinese-Indonesians to bring their money back**. Wahid complained about the strings attached to international support, but more fundamentally, he acknowledged that bringing the business community's money back home is more critical to the success of the local economy than IMF support. And Wahid knows all too well that continued regional tensions create an atmosphere of uncertainty that is generally inimical to domestic investor confidence. Jiang pointed out that he has little influence on Indonesians, even if they are of Chinese origin, but agreed to give the matter some consideration. **Both Jiang and the Indonesian-Chinese know that as long as regional issues remain explosive, Wahid's personal promise of protection for the rights of ethnic businessmen is little assurance relative to the financial and political risks.**

CHINA

A DEAL THAT WILL TRANSFORM CHINA'S BUSINESS LANDSCAPE

What is amazing about the WTO deal reached last month between the US and China is that neither side has officially made the specific terms of the agreement public. Both Washington and Beijing fear there could be backlashes at home which would further complicate the Congressional vote next year. In addition, Beijing is afraid that many of the market-opening measures will not only run into opposition from entrenched bureaucracies, but could fan anti-Western nationalism.

But the WTO agreement is truly remarkable in that it could help transform the Chinese business landscape. To help you better appreciate the significance of the agreement, and understand the impacts of the agreement in different key sectors of each economy, we have prepared for you a detailed summary of the agreement and how it is going to affect the various sectors covered under the agreement.

For a detailed summary of the unpublished agreement with detail on sectoral provisions, please see below.

SUMMARY OF US-CHINA WTO AGREEMENT

Generally, the Agreement eases a broad range of restrictions on foreign-invested enterprises, including, technology transfers, foreign exchange balancing and export performance. The Agreement promises increased access for US goods and services through the easing of tariff and non-tariff barriers, and the Agreement establishes a timetable for expanding foreign participation in different sectors of the economy.

REDUCTIONS OF TARIFFS AND EXPANDED MARKET ACCESS

- **China's industrial tariffs** will fall from an overall average of 24.6% in 1997 to an overall average of 9.4% by 2005.
- For **U.S. priority industrial products**, tariffs will fall to 7.1% with the majority of tariff cuts fully implemented by 2003. Tariffs will fall on a range of products including: wood, paper, chemicals, capital and medical equipment.
- In **information technology**, China agreed to participate in the Information Technology Agreement (ITA), reducing all tariffs on products such as computers, telecommunications equipment, semiconductors, computer equipment, and other high technology products from an average of 13.3% today to 0% by 2005.
- On **industrial goods**, China will for the first time permit open "trading rights", i.e., the right to import and export without middle-men, as well as full rights of distribution including wholesale and retail and aftersales service, repair, maintenance and transport.
- The **telecommunications, insurance, banking, securities, audio visual, and professional service sectors** will all gain expanded market access under the Agreement.

ELIMINATION OF QUOTAS AND LICENSES

The WTO rules bar quotas and other quantitative restrictions. China has agreed to eliminate these restrictions with phase-ins limited to five years. In particular,

- China will eliminate existing quotas upon accession for the top U.S. priorities (e.g., optic fiber cable), and will phase-out remaining quotas, generally by 2002, but no later than 2005.
- Quotas will grow from current trade level at a 15% annual rate in order to ensure that market access increases progressively, and reduces the effect of quantitative restrictions.
- Auto quotas will be phased out by 2005, and, in the interim, the base level quota will be $6 billion (the level prior to China's industrial auto policy) and this will grow by 15% annually until elimination.

RIGHTS TO IMPORT AND DISTRIBUTE

Securing trading and distribution rights have been a priority for the U.S. manufacturing sector for many years. At present, China severely restricts trading rights (the right to import and export) and foreign firms presently have no right to distribute products other than those they make in China, or to own or manage distribution networks or wholesaling outlets or warehouses. Under the Agreement, China will, for the first time, grant trading rights and distribution rights to U.S. firms progressively over the next three years, and American companies will be allowed to distribute imported products as well as those made in China. China will progressively phase out all restrictions on distribution services for most products within three years.

CONSEQUENCES FOR PARTICULAR SECTORS

AUTOMOTIVE

- Accelerated Auto Tariff Reduction: China agreed to accelerate tariff reduction in exchange for a slightly longer phase-in period, providing earlier market access with auto tariffs still being reduced from the current 100-80 percent to 25 percent by July 1, 2006, with the largest cuts in the first year after accession. Auto parts tariffs will be cut to an average of 10% by 2006.
- Auto Financing: China has now made commitments for non-bank foreign financial institutions to be able to provide auto financing upon China's accession. This, in combination with commitments regarding importation, distribution, sale, financing, and maintenance and repair of automobiles, will help open up the key sector for U.S. industry.

TELECOMMUNICATIONS

- China presently severely restricts the sale of telecommunications services and bars foreign investment in this area. Under the Agreement, China commits to open its telecommunications sector both for services and direct investment in telecommunications businesses. Specifically, China's commitments include:
- Regulatory Principles: China agrees to implement the pro-competitive regulatory principles embodied in the Basic Telecommunications Agreement (including cost-based pricing, interconnection rights, and independent regulatory authority), and to technology-neutral scheduling, which means foreign suppliers can use any technology they choose to provide telecommunications services.
- Geographic Restrictions: China will phase out all geographic restrictions for paging in 3 years, value-added and closed-user groups in 3 years, mobile/cellular in 5 years and domestic wireline services in 6 years. China's key telecommunications services centers in Beijing, Shanghai, and Guangzhou, which collectively represents approximately 75% of all domestic traffic, will open immediately on accession to all telecommunications services.
- Satellites. China has clarified that it will permit provision of telecommunications services via satellite.
- Investment:Under present circumstances, China allows no foreign investment in most telecommunications services. Under the Agreement, China will allow 49% foreign investment in all services, and will allow 50% foreign ownership for value-added services in 2 years and for paging services in 3 years.
- Internet Access: Because of the enormous projected growth in internet access in China over the coming decade, the Agreement ensures that China's telecom service commitment includes all aspects of internet service and provides that internet services will be liberalized at the same rate as the other key telecommunications services.

BANKING

Currently foreign banks are not permitted to do local currency business with Chinese clients (although a few may engage in local currency business with their foreign clients), and China imposes significant geographic restrictions on the establishment of foreign banks. Under the Agreement,

- China commits to full market access in five years for U.S. banks.
- Foreign banks will be able to conduct local currency business with Chinese enterprises starting 2 years after accession.
- Foreign banks will be able to conduct local currency business with Chinese individuals from 5 years after accession.
- Foreign banks will have the same rights as Chinese banks within designated geographic areas.
- Both geographic and customer restrictions will be removed in 5 years.

FINANCIAL SERVICES

China commits in the Agreement to eliminate (with reasonable transitions) from all major service categories most equity restrictions (especially in sectors where the U.S. has a strong commercial interest), and agrees to accede to the Basic Telecommunications and Financial Services Agreements, and to the "grandfathering" of current market access for U.S. service providers to protect existing American financial services, professional, and other service providers in China (including those operating under contractual or shareholder agreements or license) from restrictions as Chinese commitments are phased in.

INSURANCE

China presently restricts foreign companies to operating in Shanghai and Guangzhou. Under the Agreement,

- Geographic Limitations. China will permit foreign property and casualty firms to insure large-scale risks nationwide immediately upon accession, and will eliminate all geographic limitations for future licenses over 5 years, allowing access to those key cities of particular U.S. interest in 2 to 3 years.
- Scope. China agrees to expand the scope of activities for foreign insurers to include group, health, and pension lines of insurance, which represent about 85% of total premiums, phased in over 5 years.

- Prudential Criteria. China agrees to award licenses solely on the basis of "prudential criteria," with no economic needs test or quantitative limits on the number of licenses issued. Although the meaning of these terms are not currently clear, we will monitor the course of developments in this area.
- Investment. China agrees to allow 50% foreign ownership, to remove onerous joint venture requirements on foreign life insurers, and to phase out internal branching restrictions. Life insurers will be able to choose their own joint venture partners (as opposed to the present policy, under which partners are chosen for insurers by Chinese authorities), and China agrees to allow 50% foreign ownership on accession. For non-life and reinsurance, China will allow 51% ownership on accession and will permit wholly-owned subsidiaries in 2 years.

SECURITIES

China will permit minority foreign-owned joint ventures to engage in fund management on the same terms as Chinese firms. As the scope of business expands for Chinese firms, foreign joint venture securities companies will enjoy the same expansion in scope of business. Minority joint ventures will be allowed to underwrite domestic securities issues and to underwrite and trade in foreign currency denominated securities (both debt and equity).

LEASING, COURIER, FORWARDING AND RELATED SERVICES

Chinese commitments in services auxiliary to distribution include rental and leasing, air courier, freight forwarding, storage and warehousing, advertising, technical testing and analysis, and packing services. All restrictions will be phased out in 3 to 4 years, at which time U.S. service suppliers will be able to establish 100 percent wholly-owned subsidiaries.

Chemicals

China has agreed to implement the vast majority of the chemical harmonization initiative, pursuant to which tariffs will be at 0, 5.5, and 6.5 percent for products in each category specified.

TRAVEL AND TOURISM

- Hotels. China will allow unrestricted access to the Chinese market for hotel operators with the ability to establish 100% foreign-owned hotels in 3 years, with majority ownership allowed upon accession.
- Travel Services. Foreign travel operators will be allowed to provide a full range of travel agency services, and China will allow access to government resorts as well as to Beijing, Shanghai, Guangzhou, and Xian. The terms in this portion of the Agreement are not entirely clear at present.

AUDIOVISUAL

China has agreed to allow the distribution of video and sound recordings, as well as cinema ownership and operation. For video and sound recordings, China will allow 49% foreign participation in joint ventures engaged in the distribution of these products. China has also agreed to import 40 films after accession, growing to 50 films in 3 years, of which 20 films will be on a revenue-sharing basis.

PROFESSIONAL SERVICES

With regard to professional services, China currently tightly restricts the operations of foreign law firms and accounting firms. Under the Agreement, China will permit foreign majority control except for practicing Chinese law. For accounting, China has agreed to eliminate a mandatory localization requirement and will now allow unrestricted access to its market to professionals licensed as CPAs in China. China has also agreed to apply national treatment in issuing CPA licenses and to follow transparent procedures.

OTHER TRADE ISSUES

- Textiles: China will permit U.S. companies and workers to respond to increased imports of textiles and apparel products. This textile safeguard will be in effect after the Agreement on Textiles and Clothing expires and will remain in effect until December 31, 2008.

- TRIMs. China has agreed to implement the Agreement on Trade-Related Investment Matters upon accession, and, consequently, to eliminate and cease enforcing trade and foreign exchange balancing requirements, to eliminate and cease enforcing local content requirements, to refuse to enforce contracts imposing these requirements, and to impose or enforce laws or other provisions relating to the transfer of technology or other know-how only if they are in accordance with the WTO agreements on the protection of intellectual property rights and trade-related investment measures. China has further agreed that upon accession it will no longer condition investment approvals, import licenses, or any other import approval process on performance requirements of any kind, including local content requirements, offsets, transfers of technology, or requirements to conduct research and development in China.
- Antidumping and Subsidies Methodology. China has agreed that the U.S. may maintain its current antidumping methodology (treating China as a non-market economy) in future antidumping cases. Moreover, when the U.S. applies its countervailing duty law to China, it will be able to take the special characteristics of China's economy into account when the U.S. identifies and measures any subsidy benefit that may exist. This provision will remain in force for 15 years after China's accession to the WTO. China can, of course, request review under U.S. law of specific sectors of China's economy as a whole to determine if such sector is market-oriented and therefore no longer subject to any special methodology.
- Import Surge Mechanism. China has agreed to a special safeguard mechanism that will remain in place for 12 years following accession that can be used to address rapid increases in imports from China that cause or threaten market disruption. This mechanism, which is in addition to other WTO safeguard provisions, differs from traditional safeguards in that it permits China to address imports that are a significant cause of material injury through measures such as voluntary restraints. Moreover, the United States will be able to apply restraints unilaterally based on standards that are lower that those in the WTO Safeguard Agreement.

STATE-OWNED AND STATE-INVESTED ENTERPRISES

China has agreed that it will ensure that state-owned and state-invested enterprises will make purchases and sales based solely on commercial considerations, such as price, quality, availability, and marketability, and will provide U.S. firms with the opportunity to compete for sales and purchases on non-discriminatory terms and conditions. China has also agreed that it will not influence these commercial decisions (either directly or indirectly) except in a WTO-consistent manner. The agreement with the U.S. clarifies in several ways that these firms are subject to WTO disciplines.

CLOSING COMMENTS

Although the execution of the Agreement is a milestone, many practical steps remain to be completed before China can meet the goals set forth in the Agreement and attain full WTO accession. Since the consummation of the Agreement with the U.S., China has also reached an agreement with Canada. The next steps include the concluding of bilateral agreements between China and the European Union, and other WTO members, the negotiation of multilateral accession protocols, U.S. Congressional approval, and, perhaps most important to many U.S. businesses, the finalization of China's domestic procedures and formalities for accession.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason A. Bernstein (CN=Jason A. Bernstein/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 17:39:28.00

SUBJECT: Ignore

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

TEXT:
Dr. Lawrence,

Please ignore a portion of my last message. We already have the decile/quartile data for weekly earnings and I will put some charts together.

Jason

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1999 08:55:48.00

SUBJECT: Re: forgot attachment

TO: Michael J. Brien (CN=Michael J. Brien/OU=CEA/O=EOP@EOP [CEA])
READ:UNKNOWN

TEXT:
Yes, what does it give you?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Audrey Choi (CN=Audrey Choi/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 12:29:17.00

SUBJECT: Attending the President's Event NOW

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

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

TO: Noah Y. Weisberger (CN=Noah Y. Weisberger/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: John G. Fernald (CN=John G. Fernald/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

TO: Audrey Choi (CN=Audrey Choi/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Yu-Chin Chen (CN=Yu-Chin Chen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

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

TEXT:
We've just got a little more room in POTUS event, starting in a few minutes.

If anyone, in addition to the six folks on the White-Paper-Swat-Team want to go to the event, please proceed to Room 450 immediately.

Please send me and your secretary an email that you will be attending. We would like to have 10-15 additional people go, if your work schedules permit.

THanks

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason A. Bernstein (CN=Jason A. Bernstein/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 13:51:29.00

SUBJECT:

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

TEXT:
Dr. Lawrence:

I am sorry I missed your call. I was away for most of the morning at a seminar on Russian Food Aid at the State Department. Please let me know when you have returned to the office so we call talk about the data requirements. I will check back a little later.

Jason

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Victoria A. Greenfield (CN=Victoria A. Greenfield/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 17:36:41.00

SUBJECT: Re: In Seattle's wake: What future for trade reform?

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

TEXT:
Robert are you going to attend? I just RSVP'd "yes" Thanks for forwarding the info, I fell off their distribution list when I moved over from the State Department.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1999 17:39:32.00

SUBJECT: Martin's Morning Meetings on Monday, 12/6

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:
Because he has an early morning dentist appt, Martin asks that you attend Podesta's mtg @ 8:30 on Mon and Kathryn attend the 8am WH Staff Mtg.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1999 16:16:46.00

SUBJECT: Strategic Planning Calendar

TO: Yu-Chin Chen (CN=Yu-Chin Chen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

TO: Noah Y. Weisberger (CN=Noah Y. Weisberger/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael J. Brien (CN=Michael J. Brien/OU=CEA/O=EOP [CEA])
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TO: Mary A. Thomas (CN=Mary A. Thomas/OU=CEA/O=EOP [CEA])
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TO: Martin N. Baily (CN=Martin N. Baily/OU=CEA/O=EOP [CEA])
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TO: Mark N. Levine (CN=Mark N. Levine/OU=CEA/O=EOP [CEA])
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TO: Lisa D. Branch (CN=Lisa D. Branch/OU=CEA/O=EOP [CEA])
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TO: Linda A. Reilly (CN=Linda A. Reilly/OU=CEA/O=EOP [CEA])
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TO: Leigh L. Linden (CN=Leigh L. Linden/OU=CEA/O=EOP [CEA])
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TO: Kathryn L. Shaw (CN=Kathryn L. Shaw/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Karin A. Braack (CN=Karin A. Braack/OU=CEA/O=EOP [CEA])
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TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP [CEA])
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TO: John L. Goldie (CN=John L. Goldie/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: John G. Fernald (CN=John G. Fernald/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

TO: Audrey Choi (CN=Audrey Choi/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

TEXT:
Would you please let me have any updates on your projects? Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason A. Bernstein (CN=Jason A. Bernstein/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 17:38:28.00

SUBJECT: Income by Quintile data

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

TEXT:
The attached file shows three sets of data and charts: Mean Real Family Income by Quintile, Growth in Real Income by Quintile (as in the 1999 ERP), and the Share of Aggregate Income for Each Quintile, all from 1947-1998.

Weekly earnings by quintile is a little harder to come by. The BLS does have weekly earning data by decile and quartile but only going back to 1979. They are compiling the data for me and should have it ready by Monday for me to pick up.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D28]ARMS29568594D.336 to ASCII,
The following is a HEX DUMP:

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

FOIA Number: 2014-0316-F

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 Librarv Staff.

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

File Name: p_34366601_cea_html_1.msoff

Attachment Number: [ATTACH.D89]ARMS220666344.336

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason A. Bernstein (CN=Jason A. Bernstein/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 18:29:39.00

SUBJECT: Weekly earnings

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

TEXT:
Weekly earnings by first, second, and third quartile as well as by first and ninth decile are included in the following revised spreadsheet. Sorry about the confusion earlier. Again, the data only goes back to 1979 and is not particularly revealing.

Graphs of the ratio of 90/10 and 50/10 percentile weekly earnings, as in the presentation, probably better prove the point about inequality.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D89]ARMS289377940.336 to ASCII,
The following is a HEX DUMP:

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

FOIA Number: 2014-0316-F

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_c4958658_cea_html_1.msoff

Attachment Number: [ATTACH.D28]ARMS29568594D.336

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Martin N. Baily (CN=Martin N. Baily/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 3-DEC-1999 10:34:42.00

SUBJECT: Chapter 1 special offer, as is.

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.D60]ARMS285135844.336 to ASCII,
The following is a HEX DUMP:

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

Chapter One.

Growth and Inequality: A Century Long Perspective.

Over the past century the US economy has recorded spectacular performance. It's the two percent solution to the American dream. If living standards rise at two percent annually, they double every 35 years and each generation or so lives twice as well as the previous one. By maintaining an annual average increase in per capita GDP of 1.9 percent for a century, the US economy has come close to achieving this goal. The size of the economy has grown twenty four fold with just five times as many workers (Table with the data). Measured in today's dollars, in 1899 US per-capita incomes were just under $5000, less than a sixth of what they are today. This pattern of sustained growth has put the US in a position of global leadership, boosting per capita income in the US to a point 41(?) percent above that in Germany, xx percent above that in Japan. Growth in living standards ensures that the poorest members of the society are gradually pulled out of poverty. It creates opportunities for the most talented and creative. It makes it much easier to tackle the challenges of supporting the growing cohort of the elderly.

Progress over the century has not always been smooth. In the first half, growth was punctuated by several deep recessions and by the disaster of the Great Depression. Fewer workers were employed in 1939 than 1929. Surprisingly, despite economic instability and the effect of two world wars, in the first fifty years of this century, per-capita incomes still doubled.

The quarter century after World War II was a period of rapid increase in productivity growth and the resulting rise in living standards were remarkable. Output per hour in the nonfarm business sector rose by almost 3 percent a year, as innovative technologies, strong capital investment and a growing and more educated workforce reinforced each other. There were frequent recessions, but on average over the period 1950-73, median family income rose by xx percent a year and the gains were widely spread. Incomes of the poorest fifth of households rose by xx percent.

Paradise Lost? In the two decades between 1973 and 1993 it appeared that the American dream of rising incomes for all was stumbling as the economy's performance deteriorated noticeably. First, there was much greater economic instability. Inflation jumped to z percent in 1973, bringing on a deep recession in 1975. After a short period of recovery, inflation jumped to new heights, hitting z percent in 1980?, and the economy fell into the deepest recession of the postwar period in 1982, with unemployment hitting 10.x percent in month year. Between 1973 and 1983 the US economy averaged x percent a year inflation and y percent unemployment. The economy did grow strongly in the mid 1980s, but exploding federal deficits and a savings and loan crisis revealed fault lines. Inflation started to rise and the economy hit another recession in 1990.

Second, productivity growth slowed as output per hour in the nonfarm business sector rose at only 1½ percent a year. And this slowing of productivity growth affected workers wages. Between 1973 and 1993, growth in real compensation per hour in the business sector averaged barely one half of one percent.

Third, there was a marked increase in inequality. Wages, household incomes, poverty. ADD CHARTS/NUMBERS. Even when the economy was growing, this did not have the beneficial effects in reducing poverty that had been seen by growth in the period prior to 1973.

High inflation, high unemployment, slow income growth and rising inequality all undermined people's confidence in the economy. A large number of social indicators declined and many people lost faith in government. Change appeared to be threatening rather than promising.

Growth with Equity in the 1990s

Since 1993, however, the economy has came back. Growth has been strong—per capita GDP has grown at 2.6 percent a year. Payroll employment increased by over 20 million. Output per hour has grown rapidly. The budget has moved strongly into surplus. Inflation has been low. The unemployment rate fell to 4.0 percent. The stock market has boomed. And wage and income gains have occurred across the board.

To be sure, the full implications of performance since 1993 remain difficult to interpret because we have not seen the cycle in full. The period began with the economy in recession, while as of today, the peak as yet to be reached. It is not certain how long the current growth spurt can be sustained. So let us take a conservative approach and benchmark the change since the previous cyclical peak in 1989. On that basis, it is striking that both the growth in GNP per capita of 1.9 percent and that of GNP per worker at 1.6 percent have exactly matched the pace of the century as a whole. CHECK THE NUMBERS. I THOUGHT STEVE HAD 1.8 AS THE GROWTH TREND OVER THIS CYCLE. We cannot say for certain that over the past decade we have actually seen a new economy that will generate growth that is without historical precedence. But we have much stronger reason to conclude that we have regained the benefits of the old economy, the economy which gave us rising incomes for over a century. And this is the conservative view. There is certainly support, if not overwhelming evidence, for the view that the future could look even more prosperous.

The Drivers of Growth. In 1993 and 1994 faster economic growth was driven primarily by the increases in employment and the associated rapid decline in unemployment. But, since then, perhaps the most important element allowing growth to continue and even accelerate with low inflation has been the heartening acceleration in productivity growth. Output per hour in the nonfarm business sector has increased 2.6 percent over the four years ending in the third quarter of 1999. Productivity levels are now well above the trend rate since 1973. (Chart)

What has caused this? It is a combination of skill, hard work and innovation in the private sector supported by the right policy environment. We start by looking at the forces at work in the private sector.

Information Technology. One very powerful feature of the strength of this expansion has been investment in plant and equipment, particularly computers and information technology. Investment in equipment has grown at 12 percent a year from 1993 to 1999. There has been a dramatic rise in the share of real investment in GDP and the share of high-tech investment in total investment. (Charts).

For many years it seemed that the information technology revolution was not paying off in higher productivity, but that now seems to be changing. Companies have learned to use the new technology to operate more efficiently. New ways of producing and delivering goods and services have been developed. And, of course, the improvements in communications technologies have been as dramatic as those in the computer industry.

The diffusion and development of the internet suggests the promise of continued productivity payoffs still to come.

Competition at Home and Abroad. There is evidence that industries where companies compete vigorously are more productive. Standard economics argues that companies always operate efficiently and innovate when there is a profit payoff. In practice companies become complacent and keep doing things the old way even when new methods are available. Competition encourages change and forces companies to be more productive. Industries that are highly innovative are generally (always?) highly competitive, as innovation leads to competition and competition fosters innovation.

Competing in the global economy adds additional benefits. The classical gain from trade comes as industries that have comparative advantage grow and those that lack it, contract. The resulting shift of resources raises overall productivity. New trade agreements have been implemented – in particular the NAFTA and the Uruguay Round. Trade has continued to rise as a share of the US economy. In the aftermath of the Asian crisis the US trade deficit in goods and services increased dramatically. (See Chart)

In addition, particularly since 1997, the prices of imported goods have fallen relative to the Consumer Price Index (Chart) and the prices of manufactured goods from developing countries which are typically labor-intensive, have fallen even more rapidly than those from developed countries. (See Chart)

By any measure therefore -- trade agreements, trade volumes, trade prices, and trade deficits, the forces have been more powerful in the 90s.

3) The shift to a services economy.

The share of employment in manufacturing has declined steadily and after rising through 1997, the number employed has fallen. (Chart)

Show charts and give data.

4) An era of prudent fiscal and monetary policies.

Give data on budget and inflation.

What are the implications of these forces. Three aspects merit consideration. What do they imply for inflation? What do they imply for productivity? What do they imply for inequality.

Starting in the late 1970s, inequality increased. The gap between low-wage workers and high-wage workers widened sharply. The gap between low-income and high-income families widened sharply. Even during periods of economic expansion, the poverty rate declined little. What caused this?

Although economists typically agree on very little, there was almost a consensus about the most important cause of rising inequality—technological change. The impact of changing technology, it was argued, had increased the demand for skilled and educated workers relative to the demand for lower-skilled workers. It was simply a matter of supply and demand. The relative wages of the skilled and educated was rising even as the supply of these workers was rising. Technology must be shifting the relative demands for skilled and unskilled workers.

The second most important cause was usually said to be international trade. Globalization had put low-skilled American workers in competition with workers in poor countries earning pennies an hour. And economic theory can again provide support for this view. While international trade will benefit everyone *on average*, it can hurt some. If US trade opens up with countries with many low skilled workers, the comparable workers in the US become less "scarce" and their relative wages fall.

These same forces can also be blamed for high unemployment. Both bring about structural change in the economy as employment rises in some industries but fall in others. Workers who have developed skills in one field are forced to make the transition into another.

By contrast, over the past five years, productivity growth has been much more rapid and trade and international investment have expanded at rapid rates, indeed the US economy has never been more open or more globalized. Yet over this same period real average hourly wages have increased substantially and the wages of those at the bottom have increased about as much as those in the upper wage groups. Unemployment has fallen to 4.1 percent overall and reached new lows for African-Americans and Hispanics. Looking at household incomes, they have increased by about 10 percent across all the income classes. The poverty rate has come down sharply for all groups in the society

More rapid technological change. More trade. And yet inequality is no longer rising. It would be even better if there had been a move back to greater equality. But to see that wages and household incomes are now rising across the board. To see poverty falling. This is a remarkable turnaround and shows that *rapid growth in an open economy can occur without worsening inequality.*

There always was an odd paradox in blaming technological change for rising inequality. During the 1980s, technological change was apparently contributing little or nothing to productivity growth, but it was causing havoc in the labor market. So much change in inequality. So little technological progress. And the story about trade had a puzzle too. The overwhelming majority of US workers are in domestic industries that face no foreign competition. Moreover, most US trade is with countries such as Canada, Germany and Japan, where wages are not very different from those in the US. Only a tiny fraction of US workers compete directly against very low-wage workers overseas.

The old consensus that blamed technology and trade was not flat wrong. But it is time to reappraise the severity of their adverse impacts and time to look at the ways in which they may actually help foster growth with equity. Rapid productivity growth and openness to trade, and the policies that have supported them, have allowed the US economy to operate *and sustain* a high pressure economy. And in this high pressure economy employers have been out recruiting workers at all skill levels. They have been training those that lack the necessary skills.

Inequality. In the 1980s, whether the data are arrayed by household, by earnings decile, or by indicators of skill and education, they all suggested two fundamental results. First, growing inequality: the more advantaged in the US did particularly well while those at the bottom did poorly. Second, on average, workers fared poorly. Real wage growth was extremely sluggish and by some measures, such as average hourly earnings actually declined over the period. These results were particularly striking in the face of two developments: First, the inequality trends persisted despite (a) the long expansion in the 80s and (b) the relatively rapid increase in the supply of educated workers.

The literature advanced three lines of explanation for these developments which ran in terms of the forces which have become particularly powerful in this expansion.

First, the force of globalization. The US economy ran large trade deficits in the 1980s. In addition, there was a rise in the participation of developing countries in US trade, partly occasion by the shift in developing countries such as China to more outwardly oriented policies. It has been argued that these developments had particularly adverse effects on the demand for less skilled US workers who were increasingly forced to compete with low-wage workers. In addition the threat of outsourcing and increased international competition were said to reduce labor's bargaining power – a factor which was also held responsible for the slow rise in average wages. Immigration also contributed a larger number of less skilled workers.

Second, the force of technological change. It was also argued that there had been an acceleration in "skill biased" technical change. Computers and /or new management approaches emphasizing lean production skewed demand towards skilled workers and away from the less skilled.

Third, the force of institutional and structural changes. In the 1980s de-unionization and deregulation weakened the power of workers. In addition, the declining share of employment in manufacturing reduced high-wage opportunities for blue-collar workers

To be sure these explanations are not mutually exclusive. Indeed they may be interrelated. International competition may have stimulated technological change. International competition has also been invoked to help explain the weakening of union bargaining power and the declining share of manufacturing employment.

While economists differ on the relative importance of these forces – a majority arguing that technological change was dominant -- most assign at least some role to all three.

In the light of these earlier explanations, most would surely have predicted even greater inequality in the 1990s and a particularly tough experience for those Yet that has not happened.

Indeed by numerous measures there has been no increase and by some inequality has actually been reduced.

II: The Recent experience.

Real wages and labor's share. Since 1995 we have seen significant increases in real wages In addition, the share of output received by workers in the form of compensation has been rising since 1996. It shows almost no change over the longer run suggesting that there has been no significant change in the shares of the pie going to labor and capital. There does not seem to be strong recent evidence that international competition has weakened labor's ability to bargain in this recent period. The most recent wage agreements concluded in the Aerospace and Automobile industries have been particularly strong.

College premiums There has been no acceleration in the premium over the past five years for either men or women.

The ratio of average weekly wages of college graduates to those of high school graduates had increased from 38 percent in 1979 to 74 .3 percent in 1994 but between 1994 and 1998 it actually declined to 71.3 percent. (Chart) A similar story emerges in data for average hourly earnings, although the hourly premiums are somewhat lower.

Earnings by decile. Over the past few years, the spread between the hourly earnings at the 90th percentile and those earning at the 10th percentile has stopped rising. The same story is evident in weekly earnings. Between 1979 and 1996 the ratio increases to 4.45. Between 1996 and 1998, however, it declines to 4.36. In the weekly data, likewise the 90/50 spread also rises from 1.86 to 2.12 in 1996 and then subsides.

An even more dramatic picture emerges in the hourly data in which we array the changes between the first half of 1999 and 1994. Here, when men and woman are grouped together, we see increases that are highest at the bottom and lowest at the top. (They're up 8.6 percent since 94 in the lowest decile, up 4.7 at the top.) Similar images of faster growth at the bottom than at the top emerge for both men and women when the data are separated by gender.

Thus the hourly earnings data actually indicate that there has been an increase in wage equality over this period.

More comprehensive indicators of inequality, income gains by quintile and an aggregate measure of inequality the gini coefficient for household income support the view that inequality has not increased. Since 1993, incomes have grown by between 9.9 and 11.7 percent for every quintile of the income distribution. After two decades of rising inequality the GINI coefficient measure has shown no statistically significant change between 1993. Here too, it appears as if the GINI is back in the bottle.

The least fortunate. The poverty data show excellent progress since 1994. The 1998 poverty numbers suggest poverty is lower than at any time since 1979. The poverty rate has fallen from 15.1 percent in 1993 to 12.7 percent in 1998. Over the last five years typical families have seen their incomes rise by 12.1 percent and African American families by 21.0 percent.

Likewise, unemployment gains at the bottom are particularly impressive. Since 1993 African American unemployment has declined from 14.3 percent to 7.8 percent – the lowest on record while Hispanic unemployment has fallen from 11.5 to 6.5 percent – also the lowest on record.

The overwhelming impression therefore is that the inequality has stopped rising. Its certainly incorrect to claim that we have actually reversed the drift towards inequality in the 1980s and hard to make the claim that inequality is now on a downward trend – and some see trouble in that. But this is convincing evidence that inequality has not continued to worsen. And that is highly significant. **It is important, therefore, that this new evidence be introduced into the discussion.** :

How can we explain what has happened? Why is that despite the apparent strength of these forces, the inequality outcome is not what might have been expected? There are both macro-economic and microeconomic possibilities.

One obvious candidate is the role of the high pressure economy and the associated low rates of unemployment. There is certainly compelling evidence that a high - pressure economy tends to increase opportunities for workers particularly at the lower end of the scale. It may set in motion a positive virtuous circle in which new opportunities lead to new skills, higher productivity and improved competitiveness which in turn may allow for labor markets to be run at higher levels without upward pressure on wages. As the labor market tightens, there will be more opportunities and higher pay for those with fewer qualifications.

Ironically, however in this regard, forces which were seen as working towards increased inequality may well have contributed to allowing us to have a high pressure economy.

First, globalization and increased competition can lead to a one time reduction in prices and margins which improves the short run inflation-output trade –off. Similarly price pressures may reduce profits and raise the relative share of labor. And lower import prices help on inflation in the short run. In addition, when there is excess capacity in the rest of the world, we can draw on imports rather than strain domestic capacity utilization, again resulting in fewer price pressures.

Second, as Alan Greenspan has emphasized, when we get positive shocks to productivity due to technological change there is a powerful positive macroeconomic influence allowing firms to pay higher wages without passing it through into inflation

A second possibility is that the trends themselves have been brought to a halt by offsetting microeconomic forces.

One possibility is that "technology" is responsive to relative wages costs. . Skill bias does not come down from heaven but eventually shifts in response to incentives.Firms may increasingly find ways to employ relatively less well educated workers more effectively because these workers have become relatively cheaper

A second possibility is that the downward pressures from "trade" or globalization may have run their course. In particular, the issue of substitutability between domestic and international production is relevant. It could be that eventually, US firms either are driven out of low-wage activities or they figure out how to compete using competitive strategies which offset cheaper foreign labor costs. This means they no longer compete head to head with low wage countries and thus are less affected by competitive pressures. Similarly, vulnerable unions may be forced to reduce members so that those who remain are actually the more powerful ones.

While the macroeconomic explanation implies that inequality could reverse in the face of higher unemployment, the microeconomic considerations suggest that we may have a more resilient economy. We may finally be reaping the benefits of having adjusted to some major structural challenges.

But is also possible that our explanations were defective in the first place. **That we actually have never had a very firm grasp on what was shifting the trends in the first place. There were always problems with the story assigning a large role for trade. The numbers**

just didn't seem to add up to anything big enough to explain a large share, and the other implications of the theories didn't seem to be corroborated.

There was also a problem with the skill biased technology story. Why so much change and so little progress? Why in the 80s did we have changes in technology that were large enough to wrench the labor market and yet too small to boost productivity? Ironically over the past five years we are getting the "progress" i.e. faster productivity growth without the relative wage changes.

Finally, credit for the differences in behavior should also be given to policy. On the Macroeconomic front to both fiscal and monetary policy. The monetary authorities have been vigilant in avoiding inflation and yet willing able to provide sufficient liquidity to finance non-inflationary growth and deal with financial crisis. Fiscal policy has been prudent with a long run trend towards surplus while at the same time resources devoted to education, training and civilian technoloigcal development have been increased. As NEC Chief Gene Sperling has recently pointed out strong deficit reduction has not hurt poverty reduction. Increased funding for the EITC and other education, training and research have played a role. Important too, have been increases in the minimum wage. Certainly this has raised wages at the bottom and it does not appear to have had a noticeably negative impact on employment of the least well paid workers.

To Conclude: We should not be complacent. We have not reversed the previous shifts towards greater inequality. Ideally we would like to see sustained gains for all and particularly large gains at the bottom. But we have made progress in arresting trends which were disturbing. But overall these data suggest we have been doing the right things. In addition, it provides an optimistic message. We remain masters of our fate and are not, as some suggest condemned to be buffeted by negative global or technological forces in the face of which we are helpless.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 3-DEC-1999 15:29:55.00

SUBJECT: OMB benefit-cost guidance on presenting benefits under uncertainty

TO: david.wilcox@DO.treas.gov (david.wilcox@DO.treas.gov [UNKNOWN])
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TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP@EOP [CEA])
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TEXT:
We discussed at lunch about how the option of providing a range of benefits based on plausible alternative assumptions is consistent with OMB benefit-cost guidance. The below is excerpted from the draft guidance that OMB circulated earlier this fall. OMB is required under the 1999 Omnibus Act to provide new guidance to agencies on benefit-cost analysis.

What should I do if my benefit estimates are uncertain?

Calculate benefits (including benefits of risk reductions) that reflect the full probability distribution of potential consequences. For example, you should weigh upper and lower bound safety or health results as well as other possible outcomes of proposed regulations by estimates of their probability of occurrence.

Where possible, present probability distributions of benefits and include the upper and lower bound estimates as complements to central tendency and other estimates.

Describe benefits under plausible assumptions and characterize the evidence underlying each alternative if fundamental scientific disagreement or lack of knowledge prevents construction of a scientifically defensible probability distribution. (page 10)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 4-DEC-1999 13:32:00.00

SUBJECT: China WTO deal and the environment

TO: John G. Fernald (CN=John G. Fernald/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: Victoria A. Greenfield (CN=Victoria A. Greenfield/OU=CEA/O=EOP@EOP [CEA])
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TEXT:
I was asked by Ian Bowles of CEQ/NSC to pull together something about how the China WTO deal could have positive impacts on the environment for possible use in Seattle. Below is the first draft of the 1-pager. I would appreciate your comments on this. Thanks.
---------------------- Forwarded by Joseph E. Aldy/CEA/EOP on 11/22/99 06:44 PM ---------------------------

Joseph E. Aldy
11/22/99 06:43:43 PM
Record Type: Record

To: Ian Bowles/CEQ/EOP@EOP
cc:
Subject: China

Ian,

Attached is a rough draft of the 1-pager on the China WTO deal and the environment. It is very rough, but it should give you a sense of the issues and how we could frame them. I will follow-up with USTR to fill in some of the holes. Also, I am running this by our international team to make sure they are comfortable with this. We'll try to wrap this up tomorrow after the climate change retreat.

Joe

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D84]ARMS297006738.336 to ASCII,
The following is a HEX DUMP:

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

China WTO Agreement and the Environment

The agreement with China on WTO accession includes numerous provisions that will facilitate cleaner economic development by promoting the export of environmentally-friendly goods and services to China and improving the environmental performance of economic activity in China.

- **Cleaner energy generation.** China agreed to tariff reduction for a variety of energy generating technologies, including X, Y, Z. Since western power technology is 25% more efficient than current Chinese technology, expanding the use of these more efficient energy technologies will allow China to generate more electricity with lower rates of carbon dioxide, sulfur dioxide, and nitrogen oxide emissions. [The transfer of more efficient and renewable energy technologies will allow China to pursue a cleaner energy development path. Clean coal technology?]

- **Cleaner transportation.** China agreed to accelerated tariff reduction for automobiles that would allow for greater market penetration by foreign-made vehicles. Since current Chinese-made vehicles consume nearly 40% more fuel than imported vehicles, increasing market share by imports could significantly slow the growth in transportation carbon dioxide emissions. With per capita vehicle ownership projected to nearly triple by 2010, the transportation sector is a fast-growing market with substantial opportunities for improvements in fuel economy.

- **Increase export of environmental control technology**. China agreed to reduce tariffs on a variety of environmental control technologies, including X, Y, and Z. These technologies will allow China to significantly reduce air pollutant emissions that currently exceed WHO recommended levels and have significant detrimental impacts on both the local population and the environment.

- **Reduced subsidies for agriculture**. China agreed to eliminate export subsidies and to adhere to WTO rules on agriculture subsidies. [Based on the experiences in other countries, such subsidy reductions should deliver significant environmental benefits, including reduced water pollution, reduced land-clearing, and reduced soil erosion. (fact?)]

- **Increase access to Chinese market for environmental services**. China agreed to grant much greater access to its market for a variety of environmental services, including sewage, solid waste disposal, noise abatement, and nature and landscape protection services. In addition, the Chinese agreed to provide access for environmental consultation services and to allow joint ventures to provide such services.

- **Increased interest in environmental quality will stimulate demand for environmental technology**. Prior to this WTO accession agreement, China and the United States began a partnership to explore the opportunities for China to address sulfur dioxide pollution through a domestic cap and trade program. Such a program could result in cost-effective reductions of sulfur dioxide similar to that experienced by the United States. Further, it could stimulate demand for sulfur scrubbing technologies, other pollution control equipment, and more efficient coal combustion equipment.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Laitner.Skip@epamail.epa.gov (Laitner.Skip@epamail.epa.gov [UNKNOWN])

CREATION DATE/TIME: 5-DEC-1999 08:46:52.00

SUBJECT: Important Changes in the Nation's Energy Trends

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TEXT:
The Energy Information Administration (EIA) has just released its December
1999
Short-Term Energy Outlook (STEO). Without comment, EIA significantly
increased
both the historical and forecasted estimates of U.S. fixed investment and

GDP
compared to those reported in the November release. The adjustments presumably
were made to reflect the same changes that the Bureau of Economic Analysis announced in late October.

U.S. Energy demand in the December STEO is largely unchanged. This would imply
a significant change in the nation?s reported energy intensity (E/GDP). In fact, the November report indicates that the nation?s energy intensity declined
by an average of 1.12 percent per year from the period 1990 to 1998. According
to the December release, however, the nation?s energy intensity declined by an
average of 1.54 percent in that same period.

Perhaps more interesting, the average rate of decline in the period 1996 to 1998
is now an astonishing 3.86 percent. Because this is still less than the average
4.40 percent economic growth rate in that two-year period, energy use continued
to increase ? but only by an average 0.37 percent annually. STEO now expects
the E/GDP estimate for 1999 to drop another 2.30 percent. On the other hand,
STEO also reports a decline for the year 2000 of only 1.12 percent (compared to
1999) which is significantly less than the revised average decline of 1.54 percent for the years 1990 through 1998.

In the absence of significant price or other policy signals, these changes seem
to indicate that the economy may be changing in a rather fundamental way. Reports by Joe Romm and Skip Laitner, as well as others, drawing on studies by
the Department of Commerce and the OECD among various resources, suggest that at
least part (and perhaps most) of the change is attributable to the growth in the
internet economy. Since the internet economy continues to grow, we expect the
trend to continue. If this holds, it appears that conventional forecasts may be
overestimating future energy demand and, therefore, growth in energy-related
carbon emissions. Clearly more investigation of these trends is warranted.

****

John A. "Skip" Laitner
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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1999 14:35:31.00

SUBJECT: enviro chapter and misc issues

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

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

TEXT:
Robert,

I spoke with Al McGartland of EPA today regarding the VSL-VSLY issue. I plan on calling Rob Stavins a little later this afternoon. We should talk about this when you have the time.

At the end of the conversation Al indicated to me that EPA will have comments over to us by the middle of the week on the ERP chapter. He also said that he did not see any show-stoppers in the chapter from their perspective.

I also spoke with Jeff Miotke of State this morning. They like the approach we've taken and are supportive of its possible use as a primer on trading. He especially likes the fact that we have talked about examples other than SO2. They do have some concern about how we portray global emissions trading, because of what it means about developing countries taking on targets. We talked for a while, and I think we can come to some agreement on how to frame this issue to address their concerns without undermining the point we want to make about the benefits of broad participation (a point I know others in the WH want us to make as well). We'll see when we get their written comments.

Jeff also supported the idea of us pulling together a 1-pager on the no-lose target issue for Wednesday's meeting. Let's talk about this as well.

Joe

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Roger S. Ballentine (CN=Roger S. Ballentine/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 6-DEC-1999 15:45:52.00

SUBJECT: Clean Energy 2001

TO: Ian Bowles (CN=Ian Bowles/OU=CEQ/O=EOP@EOP [CEQ])
READ:UNKNOWN

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/OU=CEA/O=EOP@EOP [CEA])
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TO: Samuel F. Baldwin (CN=Samuel F. Baldwin/OU=OSTP/O=EOP@EOP [OSTP])
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TO: Joseph E. Aldy (CN=Joseph E. Aldy/OU=CEA/O=EOP@EOP [CEA])
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CC: David A. Bernell (CN=David A. Bernell/OU=OMB/O=EOP@EOP [OMB])
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TEXT:
Attached is the Memo I submitted to Jack Lew et al. today.=================== ATTACHMENT 1
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ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D97]ARMS20670715S.336 to ASCII,
The following is a HEX DUMP:

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

December 6, 1999

MEMORANDUM FOR JACK LEW
GENE SPERLING
SYLVIA MATTHEWS

CC: JOHN PODESTA
GEORGE FRAMPTON
NEAL LANE
MARTIN BAILY
ELGIE HOLSTEIN
BOB KYLE

FROM: ROGER BALLENTINE

SUBJECT: "Clean Energy for the 21st Century" -- FY2001 Budget

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During the past several months, the President has repeatedly stressed the need to move beyond the "big idea" of the 20th Century -- that economic growth must necessarily be accompanied by increased pollution, including greenhouse gases. Both at home and abroad, there are urgent environmental needs and significant economic opportunities in accelerating the shift to clean and efficient energy technologies and practices. The two priorities of economic growth and a clean environment can and must be achieved together. To fulfill the President's commitment to that vision, we propose for the FY2001 budget this Administration's final major climate change-related initiative – the "Clean Energy for the 21st Century Initiative".

For this initiative, we are requesting a total over-base amount of $332 million (across eight agencies: DOE, AID, USDA, Treasury, DOC, ExIm, OPIC and TDA) in FY2001 in two components:

- Domestic: promote clean power through implementation of the President's 1999 Bioenergy Executive Order and through cleaner and more efficient power production *($149 million);*

- International: focus on cleaner energy markets in developing countries, drawing on the recommendations of the President's Committee of Advisers on Science and Technology (PCAST) in their June 1999 report to the President *($183 million).*

SUMMARY: PROPOSED FY2001 BUDGET

	2001 Request (over target)	2001 Base
Bioenergy	$128	$215.3
Clean Air	$ 21	N/A
Global Energy	$183	$266 (*not* including DOC, ExIm, OPIC)
Total	$332	

I. GLOBAL CLEAN ENERGY IN THE 21ST CENTURY

"I have an obsession... The world is still largely in the grip of a "big idea" that isn't true anymore. And that big idea is that in order for any country that's not rich to get rich, they have to burn more fossil fuels and put more greenhouse gases in the atmosphere, because that's the way we got rich and that's the way the British got rich. And that's not true anymore. The whole economics of energy and the economy have changed. And we could have a revolution in the environment with more trade and investment available for environmental technologies and alternative energy sources... But it won't necessarily happen automatically."

-- President Clinton. October 14, 1999.

"*We should act expeditiously on PCAST's recommendations ... assess the portfolio of programs underway in the Federal agencies and develop a strategic vision, including budget recommendations that can be considered in agency requests for FY2001".*

-- President Clinton in a letter to Neal Lane, September 15, 1999.

This proposed international trade and environment initiative will accelerate the development and deployment of clean energy technologies for electric power in developing countries. The initiative is built on the PCAST "Powerful Partnerships" report and the work of the National Science and Technology Council working group. The goal is to increase and "green" U.S. private capital flows and exports to the developing world in electric power production and consumption infrastructure and products.

Electric power alone is now responsible for one third of global greenhouse gas emissions, with the fastest growth coming from developing nations. "Business as usual" expansion of electric power supply in developing countries is estimated to triple their emissions of CO2 over 1995 levels by 2020 – and lead to significant increases in local air pollution from sulfur oxides, nitrogen oxides and particulate matter.

At the same time, the trade and investment opportunities for U.S. companies in this growing market offer important advantages to U.S. workers and technology innovators. Between 1995 and 2020, $1.7 trillion will be invested in electric power capacity in developing countries. American companies are highly competitive in the global power market and are well positioned to lead the way to a cleaner energy future. As the PCAST report pointed out, however, we stand to lose market share to our trade competitors unless we fashion a more effective and robust USG-private sector partnership to address the challenge of global clean energy markets.

The international component of the Clean Energy for the 21st Century Initiative has three related pieces:

A. Coordination of Existing Programs.

Drawing on the recommendations of the PCAST report, the Clean Energy Initiative will enhance coordination of relevant agency programs at DOE, USAID, TDA, EXIM, OPIC, Commerce. Greater coordination of these programs and budgets will be achieved through an Executive Order directing the Secretaries of Commerce, Energy and the USAID Administrator, working through the Environmental Trade Working Group, to establish a focussed coordination mechanism and senior responsible personnel in each key agency. This coordination will assure that the full spectrum of USG support for clean energy technology – from DOE's technology programs, to USAID's policy and capacity building work in the field, to trade promotion programs at TDA, OPIC and EXIM – is harnessed to the goals of this initiative *(No FY2001 budgetary impact).*

B. Additional Funding and New Export Promotion Programs.

The recommendations for additional funding of existing and new programs included in this Initiative fall into three categories:

1. *Clean electric power generation and use technology demonstration and R&D*. The new R&D and demonstration funding will focus on large grid power systems (advanced coal, nuclear, natural gas and wind/biomass), as well as distributed generation technologies, including renewable energy. Included also are demonstration projects that prove the reliability, feasibility and desirability of cleaner power production technologies, as well as design and production techniques that save energy. *(Requested FY2001 funding: $93 million).*

2. *Policy reform and capacity building*. Policy reform and capacity building includes existing programs by DOE and USAID in key developing countries to "open markets" for cleaner energy infrastructure and create greater demand for low-carbon options. Examples of policy reform include efforts involving electric industry restructuring, specification reform in proposal requests, and elimination of fossil fuel subsidies. *(Requested FY2001 funding: $33 million).*

3. *Clean energy trade promotion and finance*. For export promotion and finance, the goal is to target existing and propose new USG trade promotion programs to make greater levels of investment possible. For example, we propose cost-shared clean power feasibility studies at TDA, new bid-cost insurance at TDA (small U.S. exporters often decline to bid on projects due to the costs of the bid process), expanded utilization of ExIm's "Environmental Export Program", similar dedicated funds at OPIC, and a new EXIM pilot program to provide limited currency exchange risk insurance for exporters of clean energy technologies. *(Requested FY2001 funding: $57 million).*

C. Multilateral Clean Energy Trade Diplomacy.

"Greening" global capital flows to provide cleaner energy infrastructure will require the United States to play an active international leadership role. The U.S. led the successful effort to put export credit agency environmental guidelines on the Cologne G8 agenda and has been the most vocal proponent of changes in World Bank policies on energy and environment lending practices. The success of our bilateral efforts will require continued leadership within the OECD, G8 and WTO venues to establish common principles and favorable terms for clean energy technologies in ECA guidelines and through WTO policies. (*e.g.* longer/more favorable OECD lending terms for clean energy projects; liberalization of trade in environment and energy services; removal of fossil fuel subsidies). *(No FY2001 budgetary impact).*

[A summary table of the request for the Global Clean Energy Initiative is attached]

II. CLEAN ENERGY AT HOME IN THE 21ST CENTURY

The domestic piece of the initiative contains two components – 1) fulfillment of the President's new Executive Order establishing a national goal of tripling U.S. use of bio-based products and bioenergy; and 2) a new effort to accelerate the conversion of dirtier, older power plants to cleaner, more efficient technologies.

A. Bioenergy – Clean Fuel For The 21st Century

In August of this year, the President signed an Executive Order and Memorandum committing to triple use of bioenergy and bio-based products in the US by 2010. Meeting the goal will spur rural economies, seize world leadership in new biological technologies, reduce our dependence on foreign oil supplies, improve our environment, and enhance forest and agricultural productivity. To meet the President's goal, we must reduce the costs of converting sustainable raw materials – crops, trees, and biological wastes – into fuels, electric power, chemicals, and building materials and consumer goods.

As directed by the President, the Secretaries of Energy and Agriculture have developed a coordinated research and development plan to accomplish that goal. The plan accelerates and coordinates existing government and industry research and development efforts at the two Departments. *The two departments currently spend $215.3 million, and we propose a 60% increase in funding of $123.5 million.*

The fundamental obstacle to meeting the President's goal is to lower the cost of bioenergy to allow it to compete and win in the marketplace with fossil-based fuels. The plan would meet specific cost-lowering goals by 2010 rather than 2015 or 2020 as called for under current spending. The bioenergy plan tackles three fundamental cost-lowering opportunities and technical challenges to meet the President's goal. It reduces the cost of: 1) biomass feedstock itself; 2) converting feedstock to electricity, chemicals, ethanol, and building products; and 3) developing biobased products and energy. In each of these three areas – feedstocks, conversion, and products -- DOE and USDA will develop the science and technology base to support the President's goal, facilitate commercial deployment of the biotechnologies, analyze the results, and conduct education and outreach.

	DOE Base	USDA Base	DOE New	USDA New
Feedstocks	34.1	61.7	5.0	31.9
Conversion	112.7	14.3	48.0	19.7
Products	3.5	16.1	0	23.4
Totals	150.3	92.1	53.0	75.0

B. <u>Clean Power Plants For The 21st Century</u>

Electricity generation is the largest source of air pollution in the U.S., releasing more than two thirds of the nation's sulfur dioxide, and approximately one third of carbon dioxide, nitrogen oxides, and mercury. These pollutants contribute to disease and premature death from smog, soot, and toxic air pollution, worsened visibility in national parks, acid rain and water pollution. Power plants are also the largest contributor to greenhouse gas concentrations and global warming. Many of these emissions come from the 70% of U.S. power plants that are more than 30 years old, and which are specifically exempted from clean air rules requiring the cleanest technology. These plants can emit air pollution at four to ten times the rate of new, clean facilities.

The electric utility industry is going through a period of dramatic change as more than twenty states have adopted legislation to restructure the industry, and Congress is considering legislation as well. Many industry leaders have been seeking certainty for clean air requirements while they enter the uncertain world of a deregulated marketplace.

Any steps with respect to environmental requirements should be viewed against the backdrop of a changing marketplace, and in conjunction with the Administration's own strong support for utility restructuring and the $20 billion in consumer savings that would result.

The President would propose a significant additional effort to clean up and modernize these power plants. The plan should include two key elements:

1. Clean Air Act Reinvention.

In the State of the Union, the President should announce his intention to submit a bold, new legislative proposal to mandate pollutant reductions over the next 15 years through market-based emissions trading. It should also eliminate counter-productive regulatory barriers. The proposal would give industry regulatory certainty over the next 15 years, and deliver cleaner air for Americans to breathe *(No budgetary impact for FY2001).*

2. The Clean Air Bond.

While legislative changes would lay out a new landscape for power production in the U.S., we can help bring about important improvements in the short term. The budget should include a new financial incentive for the utility industry to accelerate the conversion of today's older, dirtier power plants to clean, more efficient power production: the Clean Air Bond.

We propose to amend the tax code to create a special class of tax exempt "private activity bonds" to finance qualified clean energy technology investments (similar to pre-1986 state and municipal "pollution control bonds"). This version of the Clean Air Bond would require competitive bids from qualifying entities, with the tax-exempt capital going to those demonstrating the greatest environmental benefit at least cost. Based on Joint Tax Committee scoring in 1998 of private activity bonds, it is estimated that $523 million in lost revenues to the Treasury over five years would leverage $15 billion in bond issues ($3 billion per year over the years 2001-2006). Treasury has not reviewed this proposal in detail.

Millions in Dollars

Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
20.88	63.36	107.64	147.60	183.06	523.44

GLOBAL CLEAN ENERGY – SUMMARY TABLE

	PRINCIPAL ACTIVITIES*	PCAST Target	Over-target Request FY2001
Clean Power: Fossil	Powerplant improvements Combined Heat and Power Fuel Cells Advanced Coal/Hydrogen production and use Methane Leakage Reduction/Recovery Sequestration Policy support for gas grid development; data/analysis	35	32
: Nuclear	International NERI Reactor Safety	10	8
: Renewables	Resource Assessment Grid-Systems with biomass, PV, wind Off Grid/Mini-Grid systems with biomass, PV, wind	40	32
: Building Efficiency	Energy Efficient Buildings. Appliances, Stoves	20	19
: Industry Efficiency	Energy Efficient Industry Best Practices	10	6
Energy Sector Reform and Capacity Building	Power Sector Restructuring/Policy Reform: Regional Energy Innovation Networks: Institution Building	35	33
Trade Promotion and Finance	Technical Assessments: Feasibility Studies Partial Grant Loan Guarantee Mechanism MDB Technical/Financial Assistance International Market Development ExIm Exchange Risk Assistance Fund Revolving Fund: small business project development	80	53
Other		20	0
TOTAL		250	$183

AGENCY	Domestic FY2000 Base	International FY2000 Base	International In-Guidance Request FY2001	International Over-Target Request FY2001
DOE	~800+	~25	~32	72
USAID	NA	~225	~225**	67.5
DOC				8
Ex-Im	NA	NA	NA	15
OPIC	NA	NA	NA	3.5
TDA	NA	15.7***	19.25	17

*NA—Not Applicable
**FY2000
***FY1999

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1999 22:07:48.00

SUBJECT: VSL, VSLY

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

TEXT:
Robert,

We should talk sometime on Tuesday about the VSL, VSLY issue. Art Fraas brought by EPA compromise draft language for the Tier 2 rule preamble. I think it is inadequate. We may want to consider drafting our own compromise text (with Treasury). Bob Cumby and I are planning on talking with Rob Stavins in the morning, and we may try to pull such text together after that phone call. Apparently, Spotila is meeting with Perciasepe at 4pm on Tuesday, so it would be really useful if we can have a response to Spotila on EPA's proposed compromise, including our proposed text if we decide to go that route, by then.

Joe

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1999 15:48:16.00

SUBJECT: Chapter.

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

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

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

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

TEXT:
I like the direction the chapter is going. It seems ready for shipping.
I think perhaps a new title is in order. Something indicating the emphasis on information and telecommunications.
I also liked the section on Ma Bell although at the end you might want to stress that the network economies did result in a natural monopoly which was viewed as requiring regulation. Maybe in retrospect there was another way to do this sooner.
You might also come back later to the role which network economies play today in giving first mover advantages. The stock markets certainly believe in these, and it does seem intel and microsoft and sun and (IBM) have all enjoyed tremendous benefits.
Do you have more recent numbers than 97 for sales of telecom equipment.
On page 10 you might want to note that it was precisely when ATT laid off 40,000 workers that this was seen as terrible for jobs yet in the long run, was part of a very dynamic adjustment in the economy.
Do we want to talk about the recent measures to allow satelite to convey local TV?
Otherwise good job.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Audrey Choi (CN=Audrey Choi/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 6-DEC-1999 10:21:29.00

SUBJECT: Micro Chapter for your perusal Today

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

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

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

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

TEXT:
Sandy will shortly be bringing to you Will's revised draft of the micro chapter. As we discussed on Friday, I asked John Fernald to get involved and try to provide will some help and feedback over the weekend. This draft represents that effort.

It would be tremendously helpful both for the chapter itself and for Will's motivation level to be able to get back some quick comments from you today before the chapter goes back out to the agencies for review tomorrow morning. If you could please find some time today during the day to look at it and provide written comments back as soon as possible, that would be great.

Will will then try to integrate those comments before sending the chapter back out so that the comments we will get back from the agencies will be as helpful as possible.

Thanks for your help,

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Mary Fibich (CN=Mary Fibich/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 6-DEC-1999 10:26:41.00

SUBJECT: M&A Command Center

TO: Yu-Chin Chen (CN=Yu-Chin Chen/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

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

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

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

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

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

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

TO: Noah Y. Weisberger (CN=Noah Y. Weisberger/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

TO: Michael J. Brien (CN=Michael J. Brien/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: Martin N. Baily (CN=Martin N. Baily/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: Leigh L. Linden (CN=Leigh L. Linden/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

TO: John G. Fernald (CN=John G. Fernald/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

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

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

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

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

TO: Douglas V. Almond (CN=Douglas V. Almond/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: Audrey Choi (CN=Audrey Choi/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

TEXT:
Wh Management and Administration is creating an Operations Center that they will staff for 5 days before January 1, 2000, and 5 days after the weekend. A number of events are scheduled in and around the WH during that weekend, and they will provide support including parking logistics for guests and workers of these events.

Most standard parking permits and procedures will not be recognized December 31, 1999-January 2, 2000. If you require parking during this time period, please let me know, and I will arrange for a special parking permit.

Also, WH Management and Administration needs to know if you will be in the office Friday, Decemer 31, 1999 through Sunday, January 2, 2000.

If either of these situations apply to you , please le me know by 3:00 p.m. today.

Those of you who spoke to me following today's staff meeting are already on the list.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1999 18:10:13.00

SUBJECT: Dec 6-Agenda for Climate Oversight Meeting

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/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:
---------------------- Forwarded by Francine P. Obermiller/CEA/EOP on 12/06/99 06:09 PM ---------------------------

Angela C. Mizeur
12/06/99 05:59:06 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Agenda for Climate Oversight Meeting

We will be discussing the FY 2001 budget and State of the Union address with a particular focus on bioenergy, utilities, and the International Clean Energy Initiative.

Message Sent
To:
David Gardiner/CEQ/EOP@EOP
Jefferson B. Seabright/WHCCTF/EOP@EOP
Nancy Marlow/CEQ/EOP@EOP
David A. Bernell/OMB/EOP@EOP
Betty J. Fountain/OSTP/EOP@EOP
Lisa D. Branch/CEA/EOP@EOP
Francine P. Obermiller/CEA/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Audrey Choi (CN=Audrey Choi/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 6-DEC-1999 10:06:10.00

SUBJECT: Your Contact Information 12/31-1/3

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

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

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

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

CC: Francine P. Obermiller (CN=Francine P. Obermiller/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:
We have received the following request from cabinet affairs.

Please submit contact information for your agency head, deputy, Chief of Staff, and Deputy Chief of Staff for the Y2K critical period from December 31 through January 3. Please submit home and work phone numbers, pager and/or cell phone numbers and note who will be the primary contact to make decisions on behalf of your agency during that period

Could you please provide Alice, Lisa and Francine with your full information as soon as possible so we can get this to Cabinet affairs?
Thank you

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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

This marker identifies a responsive email, already made available within another collection.

Collection: 2013-0306-F

Bucket: CEA

Creation Date: 1999-12-06

Subject: today's AFL-CIO meeting

Creator: Kathryn L. Shaw

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Michelle_Von_Euw ("Michelle_Von_Euw/FS/KSG"@ksg.harvard.edu [UNKNOWN])

CREATION DATE/TIME: 6-DEC-1999 12:33:46.00

SUBJECT: Faculty Research Seminar

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

TEXT:
Next Faculty Research Seminar - Wednesday, December 8

This is a reminder that the next Faculty Research Seminar is scheduled for
Wednesday, December 8. David Hart will present, "Red and White and Blue
All
Over: IBM in American Politics, 1970-present." The seminar will meet in
the
Faculty Dining Room, with lunch available at 11:45 am, and will begin
promptly
at noon.

Next Wednesday, December 15, Dean Joseph Nye will be the featured speaker.
This
session will conclude the Fall seminar series.

For further information, you can reach me at ted_parson@harvard.edu or
495-1404.
If you would like to make a presentation during the spring semester, please
contact Suzanne Cooper at suzanne_cooper@harvard.edu, or 495-0390. Please
direct all administrative or logistical inquiries to my assistant,
Michelle Von
Euw, by phone 495-9528 or email michelle_von_euw@harvard.edu.

-Ted Parson

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1999 18:10:52.00

SUBJECT: Correction: Dec 7-Agenda for Climate Oversight Meeting

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/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:
---------------------- Forwarded by Francine P. Obermiller/CEA/EOP on
12/06/99 06:10 PM ---------------------------

Francine P. Obermiller
12/06/99 06:10:08 PM
Record Type: Record

To: Robert Z. Lawrence/CEA/EOP@EOP
cc: Lisa D. Branch/CEA/EOP@EOP
Subject: Dec 6-Agenda for Climate Oversight Meeting

---------------------- Forwarded by Francine P. Obermiller/CEA/EOP on
12/06/99 06:09 PM ---------------------------

Angela C. Mizeur
12/06/99 05:59:06 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Agenda for Climate Oversight Meeting

We will be discussing the FY 2001 budget and State of the Union address
with a particular focus on bioenergy, utilities, and the International
Clean Energy Initiative.

Message Sent
To:____
David Gardiner/CEQ/EOP@EOP
Jefferson B. Seabright/WHCCTF/EOP@EOP

Nancy Marlow/CEQ/EOP@EOP
David A. Bernell/OMB/EOP@EOP
Betty J. Fountain/OSTP/EOP@EOP
Lisa D. Branch/CEA/EOP@EOP
Francine P. Obermiller/CEA/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah L. Rosen (CN=Sarah L. Rosen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 6-DEC-1999 17:08:29.00

SUBJECT: employment by education

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

TEXT:
Haver data has employment by education from BLS starting in 1992. I called BLS to ask if it was possible to get the numbers earlier than that and am waiting for them to return my call.

Sarah

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason A. Bernstein (CN=Jason A. Bernstein/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 6-DEC-1999 14:39:52.00

SUBJECT: Files

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

TEXT:
Robert,

In the 1206gdp file, you will find both "99" and peak-to-peak income and productivity growth comparisons. In the 1206income file, you will find weekly earnings data for the1st and 9th decile as well as the 1st through 4th quartiles. There are also two additional graphs on the 90/50,50/10, and 90/10 earnings ratios.

Jason

P.S. On the food aid front, I am presently trying to contact a Russian economist (who Anders Aslund recommended to me) who might be able to give me more detailed information on what exactly happens to the aid once it reaches there.

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D94]ARMS27047515Q.336 to ASCII,
The following is a HEX DUMP:

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

FOIA Number: 2014-0316-F

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_z4977397_cea_html_1.msoff

Attachment Number: [ATTACH.D89]ARMS289377940.336

FOIA Number: 2014-0316-F

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_p5157406_cea_html_1.msoff

Attachment Number: [ATTACH.D94]ARMS27047515Q.336

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 6-DEC-1999 11:23:40.00

SUBJECT: Morning Meeting for 12/06/99

TO: John G. Fernald (CN=John G. Fernald/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:
---------------------- Forwarded by Steven N. Braun/CEA/EOP on 12/06/99
11:23 AM ---------------------------

Medley_Global_Advisors@medleyadvisors.com
12/06/99 11:09:39 AM
Record Type: Record

To:
cc:
Subject: Morning Meeting for 12/06/99

NOTICE: Forwarding this proprietary email report constitutes violation of
United States and international copyright laws, and will be pursued to the
full extent of the law.

Medley Global Advisors 212-219-9096

(See attached file: mmdecem6.PDF)

- mmdecem6.PDF

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

TEXT:
%PDF-1.2
%

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/Length 9 0 R
/Filter /FlateDecode

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EAv$<9p
=N/,y<%}r-? jO@@HaWqrH_:{wqrG"K#X`}:wMP'WGKO~&.lPBu$|t glzhep W*TRmhy
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================== END ATTACHMENT 1 ==================

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 11:34:10.00

SUBJECT: China/WTO/environment

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

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

TEXT:
FYI. I spoke with Ian Bowles and David Sandalow. They were both very enthusiastic about your idea of seeing if Frankel and Stavins could pull something together on this. I noted that the Admin needs to make 2 calls on this issue: 1) in or outside government work; 2) timing of work. The National Academy of Sciences was suggested, but I said that they would not likely be able to get anything done in the timeframe the Admin will likely need something. David S. also mentioned Battelle Lab (one of DOE's national labs), which could be a possibility (we have previously worked closely with their climate modelers who developed the Second Generation Model we used for our economic analysis of Kyoto). I suggested that we could consider doing a white paper, but we couldn't start on it until February. Unless, Victoria, you are dying to do another white paper right now.

---------------------- Forwarded by Joseph E. Aldy/CEA/EOP on 12/07/99 11:29 AM ---------------------------

Ian Bowles
12/07/99 11:21:55 AM
Record Type: Record

To: Joseph E. Aldy/CEA/EOP@EOP
cc:
Subject: China/WTO/environment

meant to copy you on this.
---------------------- Forwarded by Ian Bowles/CEQ/EOP on 12/07/99 11:21 AM ---------------------------

Ian Bowles
12/07/99 11:21:36 AM
Record Type: Record

To: Richard M. Samans/OPD/EOP@EOP, D Holly Hammonds/OPD/EOP@EOP, Malcolm R. Lee/OPD/EOP@EOP, Kenneth Lieberthal/NSC/EOP@EOP
cc:
Subject: China/WTO/environment

I wanted to touch base and get a sense from you all about when we expect the China accession debate to start taking shape next year and more specifically when we would need to have our ducks in a row on further exposition/analysis about the potential environmental benefits of this deal (assuming we want to put this oar in the water.) We and CEA wanted to ask some academics and climate/energy experts to do a more detailed summary of the issues we outlined in the one pager I circulated last week. Your thoughts on timing? Thx. Ian

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 11:39:05.00

SUBJECT: Longest Expansion Ever meeting

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

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

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

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

TO: Audrey Choi (CN=Audrey Choi/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: Francine P. Obermiller (CN=Francine P. Obermiller/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:
There will be a meeting today with Martin to talk about the White Paper on the Longest Expansion Ever. Please let me know if you have a conflict.
Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-DEC-1999 14:23:42.00

SUBJECT: Re: mtg w/ labor

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

CC: Carolyn Wu (Carolyn Wu [UNKNOWN])
READ:UNKNOWN

TEXT:
great -- let's set something up before friday -- i am here tomorrow and
friday -- traveling w/ the president on thursday until late afternoon ---

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Victoria A. Greenfield (CN=Victoria A. Greenfield/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 7-DEC-1999 17:31:42.00

SUBJECT: Agriculture in the ERP

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

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

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

TEXT:
Following up on our conversation(s) about agriculture in the ERP, I found the ag discussion in Chapter 1 of the 1999 edition. Ag was addressed in three text paragraphs (not a box) on pp. 38-39, under the sub-heading "EMBRACING CHANGE WHILE PROMOTING FAIRNESS," along with discussions of mergers and international trade. This seems to have been the resting place for lost souls. Updating the ag paragraphs for the 2000 ERP would/should be pretty easy. Whether they still belong in Chapter 1 or as a sectoral break-out in Chapter 2......?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 11:40:06.00

SUBJECT: Longest Expansion Ever meeting

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

TO: Kathryn L. Shaw (CN=Kathryn L. Shaw/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:
You do not have a conflict. I have put this on your calendar.

---------------------- Forwarded by Francine P. Obermiller/CEA/EOP on 12/07/99 11:39 AM ---------------------------

Alice H. Williams
12/07/99 11:38:53 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Longest Expansion Ever meeting

There will be a meeting today with Martin to talk about the White Paper on the Longest Expansion Ever. Please let me know if you have a conflict.
Thank you.

Message Sent
To:
Steven N. Braun/CEA/EOP@EOP
Charles F. Stone/CEA/EOP@EOP
Francine P. Obermiller/CEA/EOP@EOP
Kathryn L. Shaw/CEA/EOP@EOP
Robert Z. Lawrence/CEA/EOP@EOP
Sandra F. Daigle/CEA/EOP@EOP
Audrey Choi/CEA/EOP@EOP
John C. Williams/CEA/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 15:18:52.00

SUBJECT: Dec 8-mtg w/ labor & Karen Tramentano

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/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:
Sorry for the misunderstanding. We have now scheduled the meeting for tomorrow, Wed, Dec 8, at 6:30pm. This was the only time that she had available tomorrow. You are going to the WH Deputies Meeting at 5:30pm, so you can just drop into her office afterwards. Is that OK?

poc is Carolyn Wu at 66278

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-DEC-1999 13:47:28.00

SUBJECT: mtg w/ labor

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

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

TEXT:
i spoke w/ david smith today -- he thought it would be very good --- necessary --- for us to close out the meeting w/ a plan that integrates these issues into the policy process -- i reviewed my thoughts w/ you a couple of weeks ago -- does this work for you --- are you comfortable articulating a plan to put these issues in the policy process?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah L. Rosen (CN=Sarah L. Rosen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 7-DEC-1999 15:11:52.00

SUBJECT: employment by education

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.D60]ARMS28756535L.336 to ASCII,
The following is a HEX DUMP:

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

FOIA Number: 2014-0316-F

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_p5157406_cea_html_2.msoff

Attachment Number: [ATTACH.D94]ARMS28147515R.336

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Martin N. Baily (CN=Martin N. Baily/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 7-DEC-1999 09:11:12.00

SUBJECT: Longest Expansion ever

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

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

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

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

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

TEXT:
John Podesta is interested in knowing what our proposed white paper will say on this subject. Alice could you convene a short brainstorming meeting to think about what approach we should take.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 17:25:47.00

SUBJECT: Dec 8 Meetings

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

TEXT:
Martin will attend the 8:00am and 8:30am meetings tomorrow, Wed, Dec 8.

Francine

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 14:44:12.00

SUBJECT: Dec 10-mtg w/ labor & Karen Tramentano

TO: Robert Z. Lawrence (CN=Robert Z. Lawrence/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:
I have scheduled your meeting with Karen Tramentano for Friday, Dec 10, at
4:30pm, in her office in the West Wing-Ground Floor.

poc is Carolyn Wu at 66278

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 13:40:31.00

SUBJECT: Re: Our Book; Invite to Visit BYU

TO: bradford@byu.edu (bradford@byu.edu [WHO])
READ:UNKNOWN

TEXT:
I am really sorry for not having gotten to the book. We are now in a very busy season, with the Economic Report of the President as the first line of business. However, I think in late February things should ease up. I do think a GE model would be very interesting and would encourage you to do it. Also I really owe you one and we could set up a visit in the late Spring. I would not be able to accept payment, however and would prefer to do a visit which took a day. But lets talk about it. With best wishes.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andre.SAPIR@cec.eu.int (Andre.SAPIR@cec.eu.int [UNKNOWN])

CREATION DATE/TIME: 7-DEC-1999 13:16:20.00

SUBJECT: Post-Seattle

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

TEXT:
Dear Bob,

For economists committed to the multilateral trading system like you and
me,
Seattle was surely a low point. I'm not interested at this stage in
apportioning
responsibility among the different governments for teh failure to reach an
agreement. I'm interested, however, in ensuring that this not the
"beginning of
the end" for the system. I'm wondering therefore whether "insiders" like us
could do something useful to avoid undesirable outcomes in the coming
months. I
haven't discussed this with anyone here and will wait to hear your reaction
before possibly doing so.

All the best,

Andr?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 13:56:47.00

SUBJECT: Re: mtg w/ labor

TO: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

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

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

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

TEXT:
Thats a good idea. Lets talk about it when you have time. We (Martin, Kathryn and I) had a meeting with David and Tom Palley last night. We made clear that we were happy to do a memo relaying what the Unions wanted to Gene to feed in to the broader manufacturing discussion. We were however, reluctant to do a joint memo representing some sort of consensus since it could place us in a tough public position if the rest of the administration did not accept our recommendations. David seemed to understand that this could be a problem. We need to talk, therefore, about how our views should be presented both internally and externally.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 09:06:47.00

SUBJECT: Re: VSL, VSLY

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

TEXT:
Yes. A draft in our language is a good idea.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 14:09:32.00

SUBJECT: Re: Eisenstat and Podesta speeches

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

TEXT:
Just to remind you I'd like to see drafts if these can be had.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 09:12:34.00

SUBJECT: White house tours.

TO: lawdorf@erols.com (lawdorf@erols.com @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:
With the Millennium approaching, the White House is offering a revised Candlelight tour schedule this year. The Christmas decorations are on display during one Candlelight tour before Christmas and one after. The Millennium decorations are on display during the Candlelight tour on January 4, 2000. These Millennium decorations will be on display through January 8, 2000. The Candlelight tour dates are:

Tuesday, December 21, 1999 5:30 p.m. to 7 p.m.
Monday, December 27, 1999 5:30 p.m. to 7 p.m.
(No morning tours)
Tuesday, January 4, 2000 5:30 p.m. to 7 p.m.

As in the past, these tours are open to the public and to all passholders with photo hard passes.
There are no tickets or group reservations.

The President and Mrs. Clinton asked the Visitors Office to extend passholder head-of-line privileges for these tours. Please note that these tours are identical to the holiday tours for passholders on Sunday, December 12 and on Monday, December 13. However, photos are not permitted during the Candlelight Tours.

All visitors form a line at the Visitor Entrance on East Executive Avenue. The passholder line will run north on East Executive to Pennsylvania Avenue. Passholder hours are 5:30 until 7 p.m., each day. The wait may be long, and the weather will probably be cold, so please encourage your guests to dress appropriately.

We hope you and your guests enjoy this special holiday event.

The White House will be closed to all tours on December 3 and December 4 to decorate for the holidays and December 24, 25 and 26 for the holidays. Tours will also be closed on December 28 through January 1 to redecorate for the Millennium.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 11:37:21.00

SUBJECT: TODAY at 3:30pm

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

TO: Kathryn L. Shaw (CN=Kathryn L. Shaw/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:
Per Alice, I have put on your calendar a meeting today, 3:30-4:30pm with
Martin, to discuss the White Paper on the Longest Expansion Ever.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 13:57:07.00

SUBJECT: mtg w/ labor

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

TEXT:
FYI--------------- Forwarded by Robert Z. Lawrence/CEA/EOP on 12/07/99
01:56 PM ---------------------------

Karen Tramontano
12/07/99 01:47:23 PM
Record Type: Record

To: Robert Z. Lawrence/CEA/EOP@EOP
cc: Audrey Choi/CEA/EOP@EOP
Subject: mtg w/ labor

i spoke w/ david smith today -- he thought it would be very good --- necessary --- for us to close out the meeting w/ a plan that integrates these issues into the policy process -- i reviewed my thoughts w/ you a couple of weeks ago -- does this work for you --- are you comfortable articulating a plan to put these issues in the policy process?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 18:27:37.00

SUBJECT: Meeting re Medicare and Baseline budget - Roosevelt Room

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

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

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

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

TEXT:
The meeting tomorrow at 4:30 p.m. will discuss the baseline budget but the topic of Medicare may also be discussed. Martin thinks Robert and Kathryn should both attend. They can sit on the outside of the table.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 14:36:09.00

SUBJECT: Re: mtg w/ labor

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

TEXT:
Please set something up so I can meet with Karen Tramentano
---------------------- Forwarded by Robert Z. Lawrence/CEA/EOP on 12/07/99
02:35 PM ---------------------------

Karen Tramontano
12/07/99 02:23:37 PM
Record Type: Record

To: Robert Z. Lawrence/CEA/EOP@EOP
cc: Carolyn Wu
Subject: Re: mtg w/ labor

great -- let's set something up before friday -- i am here tomorrow and
friday -- traveling w/ the president on thursday until late afternoon ---

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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

CREATION DATE/TIME: 7-DEC-1999 12:33:55.00

SUBJECT: Re: VSL and benefits -Reply

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

TO: david.wilcox@DO.treas.gov (david.wilcox@DO.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: Robert.Cumby@do.treas.gov (Robert.Cumby@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
Attached is a 1-page memo summarizing views on why we still support an age-adjusted VSL. Below in Bob's email is draft text for insertion in the rules' preambles. We should aim to get this to Spotila by 4pm today. Your thoughts, comments, suggestions on both are welcome.

Joe

Robert.Cumby@do.treas.gov
12/07/99 11:16:04 AM
Record Type: Record

To: Joseph E. Aldy/CEA/EOP
cc:
Subject: VSL and benefits -Reply

Date: 12/07/1999 11:09 am (Tuesday)
From: Robert Cumby
To: ex.mail("Joseph_E._Aldy@cea.eop.gov")
Subject: VSL and benefits -Reply

- BENEFITS.DOC

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

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

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D75]ARMS28404135G.336 to ASCII,
The following is a HEX DUMP:

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

In analyzing the present rule, we recognized that the estimates of monetary benefits were subject to a number of uncertainties. We have therefore conducted a number of sensitivity analyses to illustrate these uncertainties.

In addition, the results of the analysis is extremely sensitive to alternative methods for expressing any given estimate of the health effects of the rule in terms of monetary benefits. Because to this sensitivity and because of significant differences of opinion about which approach to take, we present two estimates of the monetary benefits. The first, the "high" estimate, is based on the value of a statistical life saved. In order to account for differences in the population used in the studies that estimate the value of a statistical life and the population most affected by the rule, we present a second, "low," estimate, which is based on the value of a statistical life year saved.

December 7, 1999

MEMORANDUM FOR JOHN SPOTILA

FROM: ROBERT Z. LAWRENCE
DAVID WILCOX

SUBJECT:

Following the discussion at Friday's meeting, our staffs have reviewed EPA's draft benefit-cost guidelines, the Environmental Economics Advisory Committee (EEAC) report commenting on these guidelines, and have spoken with Professor Rob Stavins, the chair of the EEAC. Based on this review, we continue to believe that an age-adjustment for the value of a statistical life (VSL) is appropriate and supported by the advice EPA has received from both Science Advisory Board (SAB) committees that have addressed this issue. The suggested draft text by EPA on this issue is nonresponsive to our concerns on this issue. We have provided draft text for insertion in the preambles of the Tier 2/Fuel Sulfur and Section 126 rules in the attachment.

The EEAC report does not strictly endorse a VSL approach, but recommends that a VSL of $4.8 million serve as a starting point for monetizing mortality risk. More importantly, Professor Stavins noted to our staffs that the EEAC reviewed guidelines, not a cookbook, and it is important to recognize when adjustments should be made to default assumptions. Specifically, the EEAC noted that VSL estimates could be adjusted for age considerations:

> "The EEAC encourages the use of value of a statistical life (VSL) estimates in benefit valuation and in providing guidance for policy. Moreover, it believes that the general magnitude of the benefit value suggested in the Guidelines is in a reasonable range for broad population groups. However, these estimates could be refined, particularly when certain segments of the population are affected, such as children or persons over the age of 65" (9/30/99 SAB EEAC Report, p. 4).

Professor Stavins also noted the difference between the EEAC review and the 812 Council review. The EEAC reviewed general guidelines, while the 812 Council reviewed the mitigation of a specific suite of public health risks to specific populations. He considered the 812 Council's more pointed views on the inappropriateness of the VSL for valuing reductions in particulate matter-induced premature mortality risk as consistent with the concern about age-adjustment quoted above:

> "We question the appropriateness of the $4.8 million VSL even as a measure of prime-aged individuals' willingness to pay (WTP) for risk reductions, and we question the application of a WTP estimate for prime-aged individuals to a population of older individuals and people who are in poor health" (11/19/99 SAB 812 Council letter, p. 5).

We concur with the 812 Council's concerns about the appropriateness of the VSL measure preferred by EPA and recommend the use of an age-adjusted VSL.