FOIA Number: 2017-1095-F

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Subgroup/Office of Origin: Council of Economic Advisers

Series/Staff Member: Subject Files

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Climate Change #1 [2]

Stack:	Row:	Section:	Shelf:	Position:
S	21	4	5	1

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CC: JCY
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SP
MJ

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

DEMOCRATIC STAFF OFFICE

Bob Damus 395-7285
David Barrick 586-9891

HON. HENRY A. WAXMAN
RANKING MINORITY MEMBER
B350A RAYBURN HOUSE BUILDING
PHONE (202) 225-5051
FAX (202) 225-4784 or 8185

Ellen Athas 395-3744
Rob Wiener 456-1647

DATE: Sally Brandel 647-6217
Bob Dreher 260-8046

TO: Michelle Jolin 395 6958 FAX #
Eric Peterson

FROM: Elg Hyndinger

SUBJECT: Global Warming Document Production

NO.OF PAGES
(EXCLUDING COVER SHEET)

COMMENT:

FYI

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ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051
TTY (202) 225-6852

August 24, 1998

The Honorable Dan Burton
Chairman, Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

It is my understanding that at a meeting last week between the White House, the Council on Environmental Quality, and the staff of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs concerns were raised about how the Committee would handle certain documents related to global warming that you have subpoenaed.

We faced a similar issue during the early months of the campaign finance investigation. As you will recall, the minority members of the Committee wrote to you on March 10, 1997, about the need to establish a protocol to handle the documents subpoenaed by the Committee as part of the campaign finance investigation. As we pointed out in that letter, the House rules provide that subpoenaed documents are the property of the Committee. They cannot be unilaterally released by any member, including the chairman, without Committee approval.

The same considerations apply to the documents relating to global warming that the Committee has obtained by subpoena. These documents belong to the Committee and must be handled under procedures adopted by the Committee.

The Committee responded to the concerns expressed in the March 10, 1997, letter by adopting a document protocol for the campaign finance investigation. Although I have concerns with aspects of the document protocol adopted by the Committee, a similar approach would seem to be required for the global warming investigation, especially given its heavy reliance on Committee subpoenas.

For your convenience, I have attached copies of the March 10, 1997, letter, as well as the current version of the document protocol for the campaign finance investigation.

Sincerely,

Henry A. Waxman
Ranking Minority Member

Enclosures

cc: The Honorable David M. McIntosh

DAN BURTON, INDIANA
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6143
(202) 225-5074

March 10, 1997

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to House rule XI clause 2(c)(2), we are writing to request that you convene a special meeting of the Committee to establish fair procedures and approve an appropriate scope and budget for the Committee's investigation into alleged campaign finance abuses.

As the minority members of the Committee, we wish to work with you and the other majority members in investigating alleged campaign finance abuses. As a prerequisite to bipartisan cooperation, however, the Committee must adopt impartial procedures for the conduct of the investigation; the investigation must avoid pursuing a strictly partisan agenda; and the minority must be provided adequate resources to participate actively in the investigation. Unfortunately, without seeking the approval of the Committee, you have implemented procedures that are unfair to the minority and have established a partisan scope and budget for the investigation.

The ranking minority member has written you on January 24, February 3, February 18, February 20, February 26, and March 7 of this year to raise these issues and make suggestions for more appropriate ways to proceed. The ranking minority member has also met privately with you on February 4 and February 27 to raise our concerns directly with you. These efforts have been to no avail. Despite the minority's many requests, you have determined to proceed in a manner that vests unprecedented power in the chair and that unfairly prejudices the minority.

At this point, we have no alternative but to appeal your decisions to the full Committee. For this reason, we request that you call a special meeting of the Committee under House rule XI clause 2(c)(2) at which we will ask the Committee to vote on whether the procedures, scope, and budget that you have set for the investigation are appropriate. The traditions of the House -- as well as principles of fundamental fairness -- dictate that we should be afforded the opportunity to bring our concerns before the Committee for decision by Committee vote.

At the special meeting, we would raise the following three matters: (1) whether the "Protocol for Documents" that you have announced, which gives you the unilateral authority to release Committee documents, is a fair protocol; (2) whether you should have the authority to issue subpoenas unilaterally, without seeking either the concurrence of the ranking minority member or a Committee vote; and (3) whether the scope of the investigation and the budget requests that you have submitted to the Committee on House Oversight are appropriate.

Our concerns regarding each of these three fundamental issues are described in more detail below.

The Protocol for Documents

Late last month, you announced a "Protocol for Documents" that "sets forth the procedures to be followed by the House Committee on Government Reform and Oversight for the obtaining, handling and releasing of documents and other materials during investigations conducted by the Committee." Under this protocol, you "retain the discretion" to release Committee documents "to the media ... or to any other person" without the prior consent of the Committee. Indeed, you assert that you may even release to the media -- without the approval of the Committee -- confidential and privileged documents obtained by the Committee through subpoena.

The unilateral authority that you assert to release Committee documents, including privileged and confidential documents, is an extraordinary and unprecedented power. It far exceeds the power of the chair in other similar investigations, such as the Iran-Contra investigation, House ethics investigations, and the Senate Whitewater investigation.

The unilateral implementation of the "Protocol for Documents" is also inconsistent with the House rules. We have consulted extensively with the House Parliamentarian about this matter. After careful consideration, the Parliamentarian has advised us that the unilateral implementation of the Protocol -- without the approval of the Committee -- is not consistent with the House rules.

House rule XI clause 2(e)(2) provides that "[a]ll committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the House." According to the Parliamentarian, the documents submitted to the Committee pursuant to Committee requests or subpoenas become part of the Committee records and files. As such, they must be handled under procedures adopted by the <u>Committee</u> -- not under procedures announced unilaterally by the chair.

House rule XI clause 2(m)(2)(A), which provides committees with their subpoena authority, is also relevant. This rule provides that the power to issue subpoenas resides in the Committee. Under this rule, the chair can issue a subpoena only when the authority to do so has been expressly "delegated" by the Committee to the chair. Under this rule, according to the Parliamentarian, all documents received under a subpoena belong to the Committee. Even when a chair has been delegated authority to issue subpoenas, the chair's delegated authority under the rule is limited to the issuance of the subpoena. The documents that are received pursuant to the subpoena belong to the Committee and must be handled under procedures adopted by the Committee.

The Parliamentarian's advice makes it clear that it is the Committee -- not the chair acting on its own -- that must decide how the documents received during the investigation will be handled. It is necessary, therefore, that a Committee meeting be called at which this issue can be resolved by Committee vote. At such a meeting, we intend to propose that privileged and confidential documents received by the Committee must be kept confidential until their release is authorized by the Committee.

The Unilateral Issuance of Subpoenas

We also object to the issuance of subpoenas by the chair without a Committee vote or the concurrence of the ranking minority member. We believe that our Committee rules should be modified to provide that the chair may issue a subpoena without a Committee vote or the concurrence of the ranking minority member only in emergency situations, such as when relevant documents may be destroyed before a Committee vote can be held.

We recognize that the chair of the Government Reform and Oversight Committee has for many years had the authority under Committee rules to issue subpoenas unilaterally. Under Democratic chairmen, however, this power was never exercised. Instead, as a matter of prudence, your Democratic predecessors always asked for a Committee vote or the concurrence of the ranking minority member before issuing subpoenas. This practice provided a procedural safeguard designed to insure that the subpoena power was not abused for partisan political purposes.

Unfortunately, you have decided not to follow the traditional practice of the Committee. Since the Committee organized on February 12, you have issued 46 subpoenas -- without once seeking either Committee approval or the concurrence of the ranking minority member. The result has been an abuse of the Committee's subpoena power. As the ranking minority member described in his letter of March 7, the unilateral subpoenas you have issued compel the production of extraordinarily sensitive national security and foreign policy documents that have no apparent connection to any alleged fundraising abuse. The subpoenas would also require the production of purely personal information about the Clintons, such as a record of doctor visits to the White

House, as well as copies of confidential Democratic political strategies developed as a legitimate part of the last Presidential campaign.

The issuance of a subpoena is an exceptionally serious step that compels the person subpoenaed to provide documents to the Committee against his or her will, often at great personal sacrifice and expense. **It is clear to us that except in emergency circumstances, it should be the Committee -- not the chair acting unilaterally -- that determines when a subpoena should be issued and what its scope should be.**

The Investigation's Scope and Budget

Finally, we have three fundamental objections to the Committee budgets that you have submitted to the Committee on House Oversight. We believe that the Committee should also meet to resolve these issues.

First, the supplemental $3.8 million budget that you submitted to the Committee on House Oversight last week proposes that the scope of the investigation be limited to alleged Democratic fundraising abuses. Specifically, it provides that the supplemental budget would be used to investigate:

> The DNC and allegations of illegal or unethical fundraising activities, misuse of the White House and White House personnel, the questionable political activities of John Huang and other Commerce Dept. personnel, questionable political activities of Clinton appointees in connection with DNC fundraising at numerous Government Agencies and Departments including, but not limited to: Department of Commerce, Department of State, Export-Import Bank, Office of Trade Representative, Department of Interior, Office of Comptroller General.

This scope is partisan. It focuses the investigation on the White House and the DNC and ignores fundraising abuses in congressional campaigns. It is also inconsistent with your pledge at our organizational meeting that "[w]e would apply equally the investigative procedures of this committee to whomever, Republican or Democrat." We believe that the Committee investigation should focus on all illegal or improper fundraising activity, including illegal or improper fundraising activity by the Presidential campaigns, Democratic and Republican fundraising organizations, and individual House and Senate campaigns.

Second, the budgets you have proposed would provide the minority with no more than -- and likely substantially less than -- 25% of the staff available to the Committee. As the ranking minority member has explained in correspondence with you and at the House Oversight hearing on March 6, this allocation is not sufficient to allow the minority to participate effectively in the campaign finance investigation. It is also in violation of House policy, which provides that the minority should receive at least 33% of the Committee's resources.

Finally, the Committee budgets were developed in violation of Committee rules. On February 12, the Committee adopted a rule that requires the chair to develop a Committee budget only "after consultation with ... the minority." Two days later, however, you submitted a budget to the House Oversight Committee with no consultation with the minority. On March 5, you submitted a "supplemental" budget to the House Oversight Committee seeking an additional $3.8 million for the campaign finance investigation -- again with no consultation with the minority. These are serious violations of our Committee rules. They should be rectified by bringing the Committee budgets before the Committee for vote.

Conclusion

For the reasons set forth above, we respectfully request that you schedule a special meeting of the Committee within seven calendar days at which the matters discussed above may be resolved by Committee vote.

Sincerely,

Henry A. Waxman
Carolyn B. Maloney
Tom Barrett
Elijah E. Cummings
Rod R. Blagojevich
Tom Allen
Tom Lantos
Jim Turner
Tim Holden
John F. Tierney
Dennis J. Kucinich
Paul E. Kanjorski

ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051
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June 23, 1998

PROTOCOL FOR DOCUMENTS

This Protocol sets forth the procedures to be followed by the House Committee on Government Reform and Oversight ("the Committee"), and its Subcommittees, for obtaining, storing and releasing of documents and other materials.

Applicability and Interpretation of Protocol

This Protocol shall apply only to Committee and Subcommittee investigation of political fund-raising improprieties and possible violations of law by persons or entities within the Committee's oversight jurisdiction ("the Investigation") and to documents and materials ("documents") obtained during the Investigation by Committee subpoena or letter request. The Protocol shall not apply to any other oversight conducted by the Committee or any Subcommittee unless specifically adopted by decision of the Chairman or by vote of the Committee.

All employees and representatives of any government office, department or agency shall address to the Chairman of the Committee or his designated representative any inquiries, concerns or other communications relating to this Protocol and the matters addressed herein. No representation, commitment or practice by persons other than the Chairman or his designee concerning document-related matters are applicable to or binding on the Chairman.

A. Obtaining Documents

1. **Requests for Documents.** Document requests shall be made under the auspices of the Committee only as authorized by the Chairman on behalf of the Committee, or by the appropriate Subcommittee Chairman on behalf of any Subcommittee. Authorized requests may include the production of documents by agencies, entities, and/or individuals, by letter, facsimile, or other means.

a) **Procedure for Document Requests** -- The Chairman of the full Committee or the Chairman of any Subcommittee, as the case may be, shall notify[1] the appropriate Ranking Minority Member of the intention to request, on behalf of the Committee or Subcommittee, the production of documents, and shall provide the Ranking Minority member an opportunity to suggest how the scope or substance of the proposed requests might be modified or improved. The Ranking Minority Member shall advise the Chairman whether the Minority will join in the request. Any agreed joint request will be issued by the Chairman and the Ranking Minority Member on behalf of the Committee, or Subcommittee, as appropriate. The request for documents may issue following the provision of notice to the Ranking Minority Member as provided herein. **The Chairman retains the discretion to cause letter requests to be issued without the Minority's review or concurrence. Following issuance, copies of letter requests shall be provided to the Ranking Minority Member.**

2. **Subpoenas for Documents or Witnesses. A subpoena, whether from the full Committee or any Subcommittee, may be issued only with the express authorization of the** Chairman. Committee or Subcommittee.

(a) **Procedure for Issuance of Subpoenas** -- The Chairman of the full Committee **shall advise the appropriate Ranking Minority Member of his intention to issue subpoenas for documents or witnesses, and shall provide the Ranking Minority Member an opportunity to suggest how the scope or substance of the proposed subpoenas might be modified or improved. The Chairman shall notify the Ranking Minority Member of the proposed subpoenas at least twenty-four (24) hours before the Chairman issues the subpoenas, excluding Saturdays, Sundays and federal holidays, unless the provisions of Section A.2(b) apply. The Ranking Minority Member shall advise the Chairman whether the Minority agrees with the proposed subpoenas. For the purpose of deciding whether or not to issue document subpoenas, a Working Group consisting of the Chairman, the Ranking Minority Member, the Vice Chairman, a majority** member chosen by the Chairman, and a minority member chosen by the Ranking Minority Member, shall be created. In the event that the Ranking Minority Member objects to the proposed subpoenas, the Chairman shall present the subpoenas to the Working Group for decision regarding the advisability of issuing the proposed subpoenas. The Working Group shall endeavor in good faith to reach consensus and shall render its opinion to the Chairman within twenty-four (24) hours of presentation of the subpoenas by the Chairman. The Working Group shall meet in person, or if a face-to-face meeting is not practicable, by telephone or conference call. If the Working Group is unable to reach timely consensus concerning the proposed subpoenas, the Working Group shall, upon motion of the Chairman, render an opinion by majority vote. The Chairman shall abide by the opinion rendered by the Working Group when deciding whether to issue a subpoena.

1/ The term "notify" as used in this Protocol means all communications, including those made by telephone, letter and telefax, between the Chairman and the Ranking Minority Member, the Subcommittee Chairmen and the appropriate Ranking Subcommittee Members, as well as contacts on their behalf by respective staff.

b) Issuance of Subpoenas Without Prior Notice -- in accordance with long-standing rules of the Committee, the Chairman may cause a subpoena to be issued without prior notice to members of the Committee including the Ranking Minority Member if, in the Chairman's judgment, delay in issuance could hinder or compromise the Committee's ability to obtain documents or testimony in furtherance of the Committee's investigation. In such event, as soon after issuance as is practicable, the Chairman shall notify the Ranking Minority Member of the existence of subpoena.

B. Handling and Storage of Documents

All documents obtained by the Committee shall be handled and stored by Majority and Minority Investigative Staff in a manner consistent with the level of sensitivity of the documents. Documents shall be stored in a locked area ("the Secure Area") within the Majority and Minority Investigative Staff offices which, in the judgment of the Chairman, provide a secure environment for the storage, handling and review of such documents. The Committee may maintain documents at locations other than the Secure Areas provided that they are stored in secure facilities under the respective control of the Majority or Minority Investigative Staff. Subcommittees involved in the Investigation shall maintain a locked area within Subcommittee offices for the secure storage of documents. In recognition of office space limitations, this Protocol does not envision that Subcommittees will create and maintain separate areas similar to the Committee's Secure Area. Subcommittees will maintain and store documents in such other manner required to prevent unintended disclosure.

1. **Public Documents** -- "Public Documents" include all documents obtained by the Committee and any Subcommittee which are publicly available prior to the time they come into the possession of the Committee or Subcommittee, or which thereafter become publicly available as a result of disclosure by sources other than the Committee or Subcommittee. Since Public Documents are by definition already in the public domain, this Protocol shall not apply to such documents and materials.

2. **Non-Classified Documents** 2/ -- "Non-Classified Documents" include all documents obtained by the Committee, except "Public Documents" and "Classified Materials" as defined below. This category of documents includes non-sensitive documents, as well as those for which the possessing party asserts a claim that the documents contain proprietary, privileged, confidential or other sensitive information. All Non-Classified Documents will be maintained within the Secure Area or such other secure facility as is necessary to prevent unintended disclosure. Non-Classified Documents will not be removed from such area(s) except as required in furtherance of the Committee's oversight and investigative responsibilities. In the event that an individual or entity in possession of documents asserts that some or all of the documents contain proprietary, privileged, confidential or other sensitive information, the Chairman will

2/ "Documents" includes originals and all copies made therefrom.

determine whether or not the claim is properly made and will so advise the individual or entity, and the Ranking Minority Member, in writing. Documents determined to contain proprietary, privileged, confidential or other sensitive information will be maintained by the Committee in *locked file cabinets* located within the Secure Area, or in such other secure facility as is required by the circumstances. Copies of all documents in the Committee's possession will be limited to the number required for the Committee's oversight and investigation functions. Subcommittees involved in the Investigation shall make such arrangements for the secure storage of Non-Classified Documents and materials in Subcommittee offices, or in such other secure facility as is necessary to prevent unintended disclosure.

3. **Classified Documents** – "Classified Documents" are documents and materials containing "classified information" as defined by Title 50, United States Code, Section 438(2). Classified Documents shall be maintained by the Committee in a *locked safe* within the Secure Area, or at such other secure facility required by the level of classification of the documents. Access to Classified Documents shall be restricted as required by law. These procedures shall also apply to Subcommittees involved in the Investigation.

Access to Secure Areas and Documents. Access to the documents and materials maintained in the Majority and Minority Secure Areas shall be restricted to Members of the House, as provided by Rule XI, clause 2(e)(2), respective Investigative Staff, to other Committee staff engaged in the Committee's oversight and investigative functions, and to law enforcement officials. A list of all staff with access to the Secure Areas will be maintained by the Majority and Minority and will be updated from time to time as necessary. Subcommittees participating in the Investigation shall limit access to documents and materials to Members of the House, Majority Investigative Staff, to other Committee and Subcommittee staff engaged in the Subcommittee's oversight and investigative functions, and to law enforcement officials.

C. Release of Documents

The Committee, and its members, shall not publicly or privately release documents obtained by the Committee in accordance with the provisions of Paragraph A, except as provided herein. The provisions of this paragraph do not apply to Public Documents or Classified Documents. Non-Classified Documents, the third category of documents defined in Paragraph B, shall not be publicly or privately released except as follows:

1. **Release During Committee Meetings** -- In accordance with House Rules, Non-Classified Documents shall, unless otherwise directed by the Committee, be available for use by members of the Committee in open session, in Committee Reports, and as attachments to official correspondence;

2. **Executive Session** -- Pursuant to House Rule XI, clause 2(k)(7), no evidence or testimony taken in executive session shall be released or used in public sessions without the consent of the Committee; and

3. **Other Public Release** -- In the event that circumstances, including the necessity of correcting the public record after a partial release of documents by another party, require the public release of Non-Classified Documents through channels other than as set forth above, the Committee shall proceed as set forth below:

(a) **Agreed Release** -- The Chairman shall notify the Ranking Minority Member of his desire to release documents. The Chairman and the Ranking Minority Member shall share their views about the proposal and shall endeavor to reach consensus about the issue. The Ranking Minority Member shall notify the Chairman within twenty-four (24) hours whether he agrees or objects to the proposed release. If the Ranking Minority Member agrees with the proposed release, the Chairman may release the documents.

(b) **Contested Release** -- If the Ranking Minority Member objects to the proposed release, the Committee shall vote upon the proposed release of documents.

D. Minority Document Procedures

Unless otherwise indicated by Committee Rules or this Protocol, the procedures set forth herein shall apply to both the Majority and the Minority. This Protocol anticipates that the Minority Investigative Staff will receive separate copies of the documents obtained by Committee subpoena and letter requests during the Investigation. The Minority Investigative Staff shall handle and store all documents consistent with the security requirements and procedures specified in Paragraph B herein, including the creation and maintenance of a Secure Area. The Chairman shall request in Committee letter requests and direct in subpoenas that government agencies, private corporations and persons producing documents provide the Minority Investigative Staff with a duplicate set of documents contemporaneous with production to the Committee and its Majority Investigative Staff. In the event that the party producing documents does not make a duplicate set of documents, the Majority Investigative Staff will assist the Minority Investigative Staff in duplicating a set of the documents.

E. Internal Policy Guidance

These procedures are solely for the internal policy guidance of the Committee in handling investigative documents. Nothing in these procedures affects or waives the privileges of the Committee Members or others referred to; subjects them to any forum, authority, or questioning outside the House itself; creates rights or duties enforceable or cognizable in court; or invokes or expands the jurisdiction of any House entity, including the Committee on Standards of Official Conduct, other than the Committee.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

CHIEF OF STAFF

September 15, 1998

Dear Senator Hagel:

I am writing to provide information that is responsive to a question in your September 9 letter to Under Secretary of State Eizenstat regarding the economic assumptions the Administration used during the Kyoto Protocol negotiations. Because you have asked specific and technical questions about economic analysis conducted by Council of Economic Advisers (CEA) staff, the State Department forwarded your request to CEA to provide answers.

In your September 9 letter, you asked for the model or analysis used during the negotiations in Kyoto. During the Kyoto Conference, CEA staff worked with Treasury staff in providing economic analysis used by the U.S. delegation.

In conducting this analysis, CEA drew from modeling results derived from the Second Generation Model (SGM). CEA developed cost curves for Annex I countries and five developing country regions from SGM model outputs for carbon dioxide and assessed the marginal cost of compliance based on required emissions targets necessary to comply with various targets under consideration. (The approach used is comparable to the methodology used for the illustrative modeling analysis in the Administration Economic Analysis.)

Most analyses focused on the economic effects of various trading regimes. For example, we assessed the permit prices and efficiency losses associated with constraints on purchasing permits as well as with constraints on selling permits. These analyses provided results for the United States, and in most cases, results for all other Annex I countries (or regions) represented in SGM. Further, we assessed the economic implications of an umbrella trading group, with and without developing country participation through "joint implementation" (as CEA termed it during Kyoto). We considered permutations that included both trading constraints and variations of umbrella trading that provided more information on the economic effects of these proposals. Finally, there were some analyses that considered various trading arrangements with different emissions targets.

CEA staff have compiled the memoranda, tables, and modeling data produced by CEA staff for use by the U.S. delegation during the Kyoto negotiations. Given your specific interest in the economic assumptions used at the Kyoto negotiations and your important role as a member of the Senate Observor Group on climate change, we are willing to make these materials available to you or your staff. In the event that these materials reflect internal policy deliberations or ongoing international negotiations, we are willing to make appropriate accommodations for you to review the materials while protecting the Executive Branch's interest in maintaining confidentiality in the policymaking process.

If you or your staff are interested in reviewing these materials, please ask your staff to contact me at (202)395-5084.

Sincerely,

Michele Jolin

The Honorable Chuck Hagel
Chairman
Subcommittee on International Economic
Policy, Export and Trade Promotion
Committee on Foreign Relations
United States Senate
Room 450, Dirksen Senate Office Building
Washington, D.C. 20510-6225

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

Date: 9-15-98

Please deliver to: Nigel Purvis

FAX number of addressee: 647-0753

Telephone number of addressee: ___________

From: Michele Jolin
CEA Chief of Staff

FAX number of sender: (202) 395-6958

Telephone number of sender: (202) 395-5084

Number of pages, including cover sheet: 3

Message:

**************************** -JOURNAL- ***************** DATE SEP-15-1998 ***** TIME 10:28 ***********

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-CEA -

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EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

Date: 8-7-98

Please deliver to: Alys Campaigne

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From: Michele Jolin
Council of Economic Advisers

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Number of pages, including cover sheet: 17

Message:

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

July 16, 1998

Dear Mr. McIntosh:

On June 3 you wrote to state that our partial response of May 18, 1998, to your March 13 letter was incomplete with respect to question 4 which pertained to historical budget authorizations. This letter provides additional information in response to your June 3 request.

Consistent with the budgetary practices used to develop the WHO budget, a single budget is prepared for the CEA. Costs are allocated to major object classes as they arise in connection with activities and projects assigned. We have no way of determining specific amounts of money expended for specific policy issues.

Circumstances change and the priorities of the President may alter which staff members are assigned to work on various issues. The number of staff working on climate change and the share of their time allocated to climate change have varied substantially. Since CEA has no records pertaining to the share of staff efforts dedicated to different issues, we have no basis for allocating any individual's time among different policy issues. Our primary goal is to use CEA resources in a way that best serves the President regarding alternative policy options covering a wide range of economic issues.

Accordingly, we have provided you with total budget authority for CEA's Salaries and Expenses account. The part of our budget authority spent on climate related activities is included in this amount. See Table 1 enclosed.

For your convenience and information, we are also enclosing copies of the CEA's Report to the President on the Activities of the CEA, as it appears in the *Economic Report of the President,* for the years that interest you. This Report describes the assignments of staff and the activities of the CEA on environmental issues generally, including those relating to climate change.

In question 4 of your March 13 letter, you asked for specific legislative authority for each of CEA's components of the Administration's climate change program, (including the specific statute, the section citation, and the language of the section). We are sending you copies of CEA's specific legislative authority, 15 U.S.C. 1021 - 1023.

Sincerely,

Janet L. Yellen

Janet L. Yellen

The Honorable David McIntosh
Chairman
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs
Committee on Government Reform and Oversight
U. S. House of Representatives
Washington, D. C. 20515-6143

Table 1
Budget Authority
Fiscal Years 1989-1999

	Current (Appropriation)	Permanent (Offsetting Collections)	Total Budget Authority
FY 1989	$2,787,000	$0	$2,787,000
FY 1990	2,865,000	0	2,865,000
FY 1991	3,064,000	21,000	3,085,000
FY 1992	3,345,000	0	3,345,000
FY 1993	3,428,000	20,000	3,448,000
FY 1994	3,420,000	70,000	3,490,000
FY 1995[A]	3,430,000	5,000	3,435,000
FY 1996[A]	3,177,000	60,000	3,237,000
FY 1997	3,439,000	125,000	3,564,000
FY 1998[B]	3,542,000	(C)37,000	3,579,000
FY 1999[D]	3,666,000	0	3,666,000

A: FY 1995 includes rescission of $9,000;
FY 1996 includes rescission of $3,000
B: As of May 31,1998
C: Anticipated reimbursements $36,000;
Earned reimbursements $1,000
D: Represents House mark-up of FY '99 appropriation.
Sources: President's Budget (Appendix) and SF-133

§ 1021. Congressional declarations

(a) Generally

The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means, consistent with its needs and obligations and other essential national policies, and with the assistance and cooperation of both small and larger businesses, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions which promote useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and promote full employment and production, increased real income, balanced growth, a balanced Federal budget, adequate productivity growth, proper attention to national priorities, achievement of an improved trade balance through increased exports and improvement in the international competitiveness of agriculture, business, and industry, and reasonable price stability as provided in section 1022b(b) of this title.

(b) Full opportunities for employment

The Congress further declares and establishes as a national goal the fulfillment of the right to full opportunities for useful paid employment at fair rates of compensation of all individuals able, willing, and seeking to work.

(c) Inflation

The Congress further declares that inflation is a major national problem requiring improved government policies relating to food, energy, improved and coordinated fiscal and monetary management, the reform of outmoded rules and regulations of the Federal Government, the correction of structural defects in the economy that prevent or seriously impede competition in private markets, and other measures to reduce the rate of inflation.

(d) Coordination of Federal policies and programs

The Congress further declares that it is the purpose of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.] to improve the coordination and integration of the policies and programs of the Federal Government toward achievement of the objectives of such Act through better management, increased efficiency, and attention to long-range as well as short-range problems and to balancing the Federal budget.

(e) Federal controls

The Congress further declares that, although it is the purpose under the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.] to seek diligently and to encourage the voluntary cooperation of the private sector in helping to achieve the objectives of such Act, no provisions of such Act or this chapter shall be used, with respect to any portion of the private sector of the economy, to provide for Federal Government control of production, employment, allocation of resources, or wages and prices, except to the extent authorized under other Federal laws.

(f) Expansion of private employment

The Congress further declares that it is the purpose of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.] to maximize and place primary emphasis upon the expansion of private employment, and all programs and policies under such Act shall be in accord with such purpose. Toward this end, the effort to expand jobs to the full employment level shall be in this order of priority to the extent consistent with balanced growth—

(1) expansion of conventional private jobs through improved use of general economic and structural policies, including measures to encourage private sector investment and capital formation;

(2) expansion of private employment through Federal assistance in connection with the priority programs in such Act;

(3) expansion of public employment other than through the provisions of section 206 of such Act [15 U.S.C.A. § 3116]; and

(4) when recommended by the President under section 206 of such Act [15 U.S.C.A. § 3116] and subject to the limitations in such section, the creation of employment through the methods set forth in such section.

(g) Trade deficits

The Congress further declares that trade deficits are a major national problem requiring a strong national export policy including improved Government policies relating to the promotion, facilitation, and financing of commercial and agricultural exports, Government policies designed to reduce foreign barriers to exports through international negotiation and agreement. Federal support for research, development, and diffusion of new technologies to promote innovation in agriculture, business, and industry, the elimination or modification of Government rules or regulations that burden or disadvantage exports and the national and international competitiveness of agriculture, business, and industry, the reexamination of antitrust laws and policies when necessary to enable agriculture, business, and industry to meet foreign competition in the United States and abroad, and the achievement of a free and fair international trading system and a sound and stable international monetary order.

(h) Balanced Federal budget

The Congress further declares that it is the purpose of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.] to achieve a balanced Federal budget consistent with the achievement of the medium-term goals specified in section 1022a of this title.

(i) Investment needs of private enterprise

The Congress further declares that it is the continuing policy and responsibility of the Federal Government, in cooperation with State and local governments, to use all practical means consistent with other essential considerations of national policy to provide sufficient incentives to assure meeting the investment needs of private enterprise, including the needs of small and medium sized businesses, in order to increase the production of goods, the provision of services, employment, the opportunity for profit, the payment of taxes, and to reduce and control inflation. To the extent it is reasonably possible to do so, private enterprise investments in depressed urban and rural areas should be promoted to reduce the high levels of unemployment that exist there.

(j) Reliance on private sector

The Congress further declares that it is the purpose of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.] to rely principally on the private sector for expansion of economic activity and creation of new jobs for a growing labor force. Toward this end, it is the purpose of this chapter to encourage the adoption of fiscal policies that would establish the share of the gross national product accounted for by Federal outlays at the lowest level consistent with national needs and priorities.

(Feb. 20, 1946, c. 33, § 2, 60 Stat. 23; Oct. 27, 1978, Pub.L. 95–523, Title I, § 102, 92 Stat. 1890.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in subsecs. (d) to (f), (h), and (i), is Pub.L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

Amendments

1978 Amendments. Pub.L. 95–523 desand, in subsec. (a) as so designated, added provisions relating to promotion of balanced growth, a balanced Federal budget, adequate productivity growth, proper attention to national priorities, improvement in trade balance, and reasonable price stability, and added subsecs. (b) to (j).

Short Title

Section 1 of Act Feb. 20, 1946 provided that: "This Act [which enacted this chapter] may be cited as the 'Employment Act of 1946'."

Statement of Purpose

Section 101 of Pub.L. 95-523 provided that: "It is the purpose of this title [enacting sections 1022a to 1022f of this title, amending this section, sections 1022 and 1023 of this title, and section 225a of Title 12, Banks and Banking, and enacted provisions set out as a note under section 225a of Title 12]—

"(1) to declare the general policies of this Act [see Short Title note under section 3101 of this title];

"(2) to provide an open process under which economic goals and policies are proposed, reviewed, and established;

"(3) to provide for yearly review of national economic policies to ensure their consistency with these goals to the maximum extent possible; and

"(4) to strengthen and supplement the purposes and policies of the Employment Act of 1946 [this chapter]."

CROSS REFERENCES

Economic Report of President, description of programs and recommendations to achieve policy of this section, see 15 USCA § 3117.

LIBRARY REFERENCES

American Digest System

United States ⇐41.

Encyclopedias

C.J.S. United States § 41.

Law Review and Journal Commentaries

Enforcing the hidden U.S. equal rights law. Ann Fagan Ginger, 20 Golden Gate U.L.Rev. 385 (1990).

Redefining the antitrust labor exemption. Daniel J. Gifford, 72 Minn.L.Rev. 1379 (1988).

Resurgence of presidential budgetmaking initiative: A proposal to reform the Impoundment Control Act of 1974. 63 Tex.L.Rev. 693 (1984).

NOTES OF DECISIONS

Full employment goal 1
Small Business Administration decisions 2

1. Full employment goal

Full employment goal of 4½% unemployment as fixed by the President in 1971 economic report was within limits to the President's discretion under this chapter in determining "full" or "high" employment as limited by the massive unemployment levels which characterized the great depression. District 65, Wholesale, Retail, Office and Processing Union v. Nixon, S.D.N.Y.1972, 341 F.Supp. 1193.

2. Small Business Administration decisions

Set-aside program under which certain federal timber is made available for sale to small lumber companies before being made available for sale to large lumber companies does not violate this chapter, § 1026(a) of this title, the Multiple-Use Sustained Yield Act of 1960, §§ 528 to 531 of Title 16, or §§ 590a and 594-1 of Title 16. Duke City Lumber Co. v. Butz, D.C.D.C.1974, 382 F.Supp. 362, adopted in part 539 F.2d 220, 176 U.S.App.D.C. 218, certiorari denied 97 S.Ct. 737, 429 U.S. 1039, 50 L.Ed.2d 751.

§ 1022. Economic Report of President; coverage; supplementary reports; reference to Congressional joint committee; percentage rate of unemployment; definitions

(a) Time of submission; contents

The President shall annually transmit to the Congress not later than 10 days after the submission of the budget under section 1105(a) of Title 31, with copies transmitted to the Governor of each State and to other appropriate State and local officials, an economic report (hereinafter in this chapter referred to as the "Economic Report") together with the annual report of the Council of Economic Advisers submitted in accord with section 1023(c) of this title, setting forth—

(1) the current and foreseeable trends in the levels of employment, unemployment, production, capital formation, real income, Federal budget outlays and receipts, productivity, international trade and payments, and prices, and a review and analysis of recent domestic and international developments affecting economic trends in the Nation;

(2)(A) annual numerical goals for employment and unemployment, production, real income, productivity, Federal outlays as a proportion of gross national product, and prices for the calendar year in which the Economic Report is transmitted and for the following calendar year, designated as short-term goals, which shall be consistent with achieving as rapidly as feasible the goals of full employment and production, increased real income, balanced growth, fiscal policies that would establish the share of an expanding gross national product accounted for by Federal outlays at the lowest level consistent with national needs and priorities, a balanced Federal budget, adequate productivity growth, price stability, achievement of an improved trade balance, and proper attention to national priorities; and

(B) annual numerical goals as specified in subparagraph (A) for the three successive calendar years, designated as medium term goals;

(3) employment objectives for certain significant subgroups of the labor force, including youth, women, minorities, handicapped persons, veterans, and middle-aged and older persons; and

(4) a program for carrying out the policy declared in section 1021 of this title, together with such recommendations for legislation as the President may deem necessary or desirable.

(b) Supplementary reports

The President may transmit from time to time to the Congress reports supplementary to the Economic Report, each of which shall include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the policy declared in section 1021 of this title.

(c) Referral to joint committee

The Economic Report, and all supplementary reports transmitted under subsection (b) of this section, shall, when transmitted to Congress, be referred to the joint committee created by section 1024 of this title.

(d) Rate of unemployment

For the purposes of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.], the percentage rate of unemployment as[1] a percentage of the civilian labor force as set forth by the Bureau of Labor Statistics in the Department of Labor as computed under the procedures in effect as of October 27, 1978.

(e) "Inflation"; "prices"; "reasonable price stability" defined

For the purpose of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.], the terms "inflation", "prices", and "reasonable price stability" refer to the rate of change or level of the consumer price index as set forth by the Bureau of Labor Statistics, United States Department of Labor.

(Feb. 20, 1946, c. 33, § 3, 60 Stat. 24; Aug. 2, 1946, c. 753, Title II, § 226, 60 Stat. 838; June 18, 1956, c. 399, § 1, 70 Stat. 289; Oct. 27, 1978, Pub.L. 95–523, Title I, § 103, 92 Stat. 1892; May 10, 1979, Pub.L. 96–10, § 6(d), 93 Stat. 24; Nov. 5, 1990, Pub.L. 101–508, Title XIII, § 13112(e), 104 Stat. 1388–609.)

[1] So in original. Probably should be "is".

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1956 Acts. Senate Report No. 1961, see 1956 U.S. Code Cong. and Adm. News, p. 2747.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

1979 Acts. Senate Report No. 96–36 and House Conference Report No. 96–93, see 1979 U.S. Code Cong. and Adm.

1990 Acts. House Report No. 101–881, House Conference Report No. 101–964, and Statement by President, see 1990 U.S. Code Cong. and Adm. News, p. 2017.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in subsecs. (d) and (e), is Pub.L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see short title note set out under section

Codifications

In subsec. (a), "section 1023(c) of this title" was in the original "section 11(c) of this Act", which is classified to section 1024(c) of this title. The citation has been editorially translated as indicated to reflect the probable intent of Congress because the reporting requirements appear in section 10(c) of the Act, which is classified to section 1023(c) of this title.

Amendments

1990 Amendments. Subsec. (a). Pub.L. 101–508, which directed the substitution of "annually transmit to the Congress not later than 10 days after the submission of the budget under section 1105(a) of Title 31" for "transmit to the Congress during the first twenty days of each regular session" in section "103(a) of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 1022(a))", was executed to this section, section 3 of the Employment Act of 1946, as amended by that Act, to reflect the probable intent of Congress.

1979 Amendments. Subsec. (a)(2)(A). Pub.L. 96–10 added reference to Federal outlays as a proportion of gross national product.

1978 Amendments. Subsec. (a). Pub.L. 95–523, § 103(a), among other changes, added provisions relating to the annual report of the Council of Economic Advisers and the inclusion in the President's Economic Report of annual numerical goals for employment, unemployment, production etc., and employment objectives for certain subgroups and struck out provisions relating to the review of the Federal Government's economic program and economic conditions affecting employment in the United States.

Subsecs. (d), (e). Pub.L. 95–523, § 103(b), added subsecs. (d) and (e).

1956 Amendments. Subsec. (a). Act June 18, 1956 substituted "not later than January 20 of each year" for "at the beginning of each regular session (commencing with the year 1947)".

1946 Amendments. Subsec. (a). Act Aug. 2, 1946 substituted "at the beginning of each regular session" for "within 60 days after the beginning of each regular session".

Effective Dates

1946 Acts. Amendment by Act Aug. 2, 1946, effective on day of enactment, see note set out under § 72a of Title 2, The Congress.

CROSS REFERENCES

Concurrent resolution on the budget—
- Amendments to economic goals, see 2 USCA § 636.
- Date by which goals to reduce unemployment to be reached, see 2 USCA § 632.

Job training, counseling and reservoirs of employment projects, new programs phased in by President in conjunction with goals of this chapter, see 15 USCA § 3116.

Maintenance of long run growth of monetary and credit aggregates, reports to Congress to include relationship of plans to short-term goals in Economic Report of the President, see 12 USCA § 225a.

Short-term and medium-term goals in Economic Report, review and analysis, see 15 USCA § 3132.

NOTES OF DECISIONS

1. Report contents

Where in the 1971 economic report, in area of fiscal policy, the President decided to "balance the budget at full employment" and to spend amount "equivalent generating at full capacity" and expressed directly the expectation that such a program would involve a deficit in 1971 and "almost certainly" in 1972, to the extent that court should make inquiry into the details of 1971 economic report, it appeared to contain a program as required by this chapter. District 65, Wholesale, Retail, Office and Processing Union v. Nixon, S.D.N.Y.1972, 341

2. Discretion

Fact that under this chapter question of proper mix of antiinflation and full employment measures remained unresolved provided strong indication that the question was referred to the discretion of the President as advised by his Council of Economic Advisers. District 65, Wholesale, Retail, Office and Processing Union v. Nixon, S.D.N.Y.1972, 341 F.Supp. 1193.

3. Jurisdiction

District court had jurisdiction of action in which plaintiffs sought declaratory and injunctive relief against President of United States, members of Council of Economic Advisers and Secretary of Labor, contending that the President's 1971 economic report contained no program as required by mandate of this chapter that Council advise and the President include in his annual economic report to Congress a program implementing the policy declared in this chapter. District 65, Wholesale, Retail, Office and Processing Union v. Nixon, S.D.N.Y.1972, 341 F.Supp. 1193.

4. Judicial notice

The President's 1971 economic report could be judicially noticed for purpose of determining whether any issues of material fact remained for trial or whether court might dispose by summary judgment of suit raising issue whether in 1971 the President of the United States and the Council of Economic Advisers complied with mandate of this chapter requiring that Council advise and the President include in his annual economic report to Congress a program implementing the policy declared in this chapter. District 65, Wholesale, Retail, Office and Processing Union v. Nixon, S.D.N.Y.1972, 341 F.Supp. 1193.

§ 1022a. Medium-term economic goals and policies respecting full employment and balanced growth

(a) Incorporation of necessary programs and policies

In each Economic Report after October 27, 1978, the President shall incorporate (as part of the five-year numerical goals in each Economic Report) medium-term annual numerical goals specified in section 1022(a)(2)(B) of this title, and in each President's Budget submitted immediately prior thereto, the President shall incorporate the programs and policies the President deems necessary to achieve such medium-term goals and a balanced Federal budget and to achieve reasonable price stability as rapidly as feasible as provided for in section 1022b(b) of this title.

(b) Interim numerical goals for initial Economic Reports

The medium-term goals in the first three Economic Reports and, subject to the provisions of subsection (d) of this section, in each Economic Report thereafter shall include (as part of the five-year goals in each Economic Report) interim numerical goals for—

(1) reducing the rate of unemployment, as set forth pursuant to section 1022(d) of this title, to not more than 3 per centum among individuals aged twenty and over and 4 per centum among individuals aged sixteen and over within a period not extending beyond the fifth calendar year after the first such Economic Report;

(2) reducing the rate of inflation, as set forth pursuant to section 1022(e) of this title, to not more than 3 per centum

within a period not extending beyond the fifth calendar year after the first such Economic Report: *Provided*, That policies and programs for reducing the rate of inflation shall be designed so as not to impede achievement of the goals and timetables specified in clause (1) of this subsection for the reduction of unemployment; and

(3) reducing the share of the Nation's gross national product accounted for by Federal outlays to 21 per centum or less by 1981, and to 20 per centum or less by 1983 and thereafter, or the lowest level consistent with national needs and priorities: *Provided*, That policies and programs for achieving the goal specified in this clause shall be designed so as not to impede achievement of the goals and timetables specified in clause (1) of this subsection for the reduction of unemployment.

For purposes of this subsection, the first Economic Report shall be the Report issued in the first calendar year after October 27, 1978.

(c) Achievement of full employment, balanced budget, zero inflation rate, and 20 per centum level of Federal outlays as a proportion of gross national product for succeeding Economic Reports

(1) Upon achievement of the 3 and 4 per centum goals specified in subsection (b)(1) of this section, each succeeding Economic Report shall have the goal of achieving as soon as practicable and maintaining thereafter full employment and a balanced budget.

(2) Upon achievement of the 3 per centum goal specified in subsection (b)(2) of this section, each succeeding Economic Report shall have the goal of achieving by 1988 a rate of inflation of zero per centum: *Provided*, That policies and programs for reducing the rate of inflation shall be designed so as not to impede achievement of the goals and timetables specified in clause (1) of this subsection for the reduction of unemployment.

(3) Upon achievement of the 20 per centum goal specified in subsection (b)(3) of this section, each succeeding Economic Report shall have the goal of establishing the share of an expanding gross national product accounted for by Federal outlays at a level of 20 per centum or less, or the lowest level consistent with national needs and priorities: *Provided*, That policies and programs for achieving the goal specified in this clause shall be designed so as not to impede achievement of the goals and timetables specified in subsection (b)(1) of this section for the reduction of unemployment.

(d) Review by President; report to Congress; modification of timetables

In the second Economic Report after October 27, 1978, the President shall review the numerical goals and timetables for the reduction of unemployment, inflation, and Federal outlays as a proportion of gross national product, and the goal of balancing the Federal budget; report to the Congress on the degree of progress being made, the programs and policies being used, and any obstacles to achieving such goals and timetables; and, if necessary, propose corrective economic measures toward achievement of such goals and timetables: *Provided*, That beginning with the second Report and in any subsequent Reports, if the President finds it necessary, the President may recommend modification of the timetable or timetables for the achievement of the goals provided for in subsection (b) of this section and the annual numerical goals to make them consistent with the modified timetable or timetables, and the Congress may take such action as it deems appropriate consistent with title III of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3131 et seq.].

(e) Interim numerical goals for succeeding Economic Reports

If, after achievement of the 3 and 4 per centum goals specified in subsection (b) of this section, the unemployment rate for a year as set forth pursuant to section 1022(d) of this title is more than 3 per centum among individuals aged twenty and over or more than 4 per centum among individuals aged sixteen and over, the next Economic Report after such rate is set forth and each succeeding Economic Report shall include (as part of the five-year goals in each Economic Report) the interim numerical goal of reducing unemployment to not more than the levels specified in subsection (b)(1) of this section as soon as practicable but not later than the fifth calendar year after the first such Economic Report, counting as the first calendar year the year in which such Economic Report is issued: *Provided*, That, if the President finds it necessary, the President may, under the authority provided in subsection (d) of this section, recommend modification of the timetable provided for in this subsection for the reduction of unemployment, and for the purposes of section 304 of the Full Employment and Balanced Growth Act of 1978, such recommendation by the President shall be treated as a recommendation made under subsection (d) of this section.

(f) Action taken to reduce unemployment

(1) In taking action to reduce unemployment in accord with the numerical goals and timetable established under subsection (b) of this section, every effort shall be made to reduce those differences between the rates of unemployment among youth, women[1] minorities, handicapped persons, veterans, middle-aged and older persons and other labor force groups and the overall rate of unemployment which are caused by any improper factors with the ultimate objective of removing such differentials to the extent possible.

(2) Insofar as the differences specified in the preceding paragraph are due to lack of training and skills, occupational practices, and other relevant factors, the Secretary of Labor shall—

(A) take such action as practicable to achieve the objectives of this subsection;

(B) make studies, develop information, and make recommendations toward remedying these differences in rates of unemployment, and include these in the annual Employment and Training Report of the President required under section 705(a) of the Comprehensive Employment and Training Act of 1973 (hereinafter in this chapter referred to as "CETA"); and

(C) make recommendations, as deemed necessary, to the Congress related to the objectives of this paragraph.

(g) Definitions

(1) The term "middle-aged and older persons" as used in this section includes any individual forty-five years of age or older.

(2) For purposes of this section, the term "veteran" shall mean the same as defined in section 4211(1) or (2) of Title 38.

(Feb. 20, 1946, c. 33, § 4, as added Oct. 27, 1978, Pub.L. 95–523, Title I, § 104, 92 Stat. 1893, and amended May 10, 1979, Pub.L. 96–10, § 6(a) to (c), 93 Stat. 23, 24; Nov. 2, 1994, Pub.L. 103–446, Title XII, § 1203(c)(4), 108 Stat. 4690.)

[1] So in original. Probably should be followed by a comma.

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

1979 Acts. Senate Report No. 96–36 and House Conference Report No. 96–93, see 1979 U.S. Code Cong. and Adm. News, p. 105.

1994 Acts. Related House Report No. 103–669, see 1994 U.S. Code Cong. and Adm. News, p. 3681.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in subsec. (d), is Pub. L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended. Title III of the Full Employment and Balanced Growth Act of 1978 is classified principally to subchapter II (§ 3131 et seq.) of chapter 58 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

Section 304 of the Full Employment and Balanced Growth Act of 1978, referred to in subsec. (e), is Pub.L. 95–523, § 304, Oct. 27, 1978, 92 Stat. 1906, which amended section 632 of Title 2, The Congress.

CETA, referred to in subsec. (f)(2)(B), means the Comprehensive Employment and Training Act, Pub.L. 93–203, Dec. 28, 1973, 87 Stat. 839, as amended, which was classified generally to chapter 17 (§ 801 et seq.) of Title 29, Labor, and was repealed by section 184(a)(1) of the Job Training Partnership Act, Pub.L. 97–300, title I, Oct. 13, 1982, 96 Stat. 1357. The Job Training Partnership Act is classified principally to chapter 19 (§ 1501 et seq.) of Title 29. Section 183 of Pub.L. 97–300, classified to section 1592 of Title 29, provided in part that references in any other statute to the Comprehensive Employment and Training Act shall be deemed to refer to the Job Training Partnership Act. Section 705(a) of the Comprehensive Employment and Training Act of 1973 was classified to section 985 of Title 29, and was omitted from the Code in the general revision of Pub.L. 93-203 by Pub.L. 95-524, Oct. 27, 1978, 92 Stat. 1909.

Amendments

1994 **Amendments.** Subsec. (g)(2). Pub.L. 103-446 substituted "this section" for "this subsection" and "section 4211(1) or (2) of title 38" for "section 2011(1) or (2)(A) of title 38".

1979 **Amendments.** Subsec. (b)(3). Pub.L. 96-10, § 6(a), added subsec. (b)(3).

Subsec. (c)(3). Pub.L. 96-10, § 6(b), added subsec. (c)(3).

Subsec. (d). Pub.L. 96-10, § 6(c), inserted reference to Federal outlays as a proportion of gross national product.

Prior Provisions

A prior section 4 of act Feb. 20, 1946, was renumbered section 10, which was classified to section 1023 of this title.

CROSS REFERENCES

Concurrent resolution on the budget—
Amendments to economic goals, see 2 USCA § 636
Date by which goals to reduce unemployment reached, see 2 USCA § 632.
Job training, counseling and reservoirs of employment projects, new programs phased in by President in conjunction with goals of this chapter, see 15 USCA § 3116.
Short-term and medium-term goals in Economic Report, review and analysis, see 15 USCA § 3132.

LIBRARY REFERENCES

Law Review and Journal Commentaries

Enforcing the hidden U.S. equal rights law. Ann Fagan Ginger, 20 Golden Gate U.L.Rev. 385 (1990).

§ 1022b. Presentation of analysis respecting short-term and medium-term goals in Economic Report of President; mutually reinforcing means

(a) Analysis of goals

To aid in determining the short-term and medium-term goals for employment, production, real income, and prices, analysis shall be presented in the Economic Report with respect to major aspects of the appropriate composition or structure of each goal, and as to the appropriate apportionment of total national production among its major components (private investment, consumer expenditures, and public outlays) as affected by relative income flows and other factors, in order to promote balanced growth and a balanced Federal budget, reduce cyclical disturbances, and achieve the other purposes of this chapter and the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.].

(b) Means to achieve goals

In choosing means to achieve the goal for the reduction of unemployment and choosing means to achieve the goal of reasonable price

stability, those means which are mutually reinforcing shall be used to the extent practicable.

(Feb. 20, 1946, c. 33, § 5, as added Oct. 27, 1978, Pub.L. 95-523, Title I, § 105, 92 Stat. 1895.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 **Acts.** House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 **Acts.** Senate Report No. 95-1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in subsec. (a), is Pub.L. 95-523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

Prior Provisions

A prior section 5 of act Feb. 20, 1946, was renumbered section 11, which was classified to section 1024 of this title.

CROSS REFERENCES

Supplemental programs and policies to achieve goals of chapter, including achievement of reasonable price stability, see 15 USCA § 3111.

§ 1022c. Inclusion of priority policies and programs in President's Budget

To contribute to the achievement of the goals under the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.], the President's Budget for each fiscal year beginning after October 27, 1978, shall include priority policies and programs, which shall include, to the extent deemed appropriate by the President, consideration of the following—

(A) development of energy sources and supplies, transportation, and environmental improvement;

(B) proper attention to the problems and needs of smaller businesses including (i) the availability of investment capital, management and technical expertise, and technology and labor needs, (ii) analysis of economic and social trends which may affect smaller businesses, (iii) government policies and programs (including agency regulations and excessive paperwork requirements) that may create undue hardship for or reduce the competitiveness of smaller businesses, and (iv) other policies and programs to remove barriers to competition and to strengthen and promote the creation and growth of smaller businesses;

(C) development of a comprehensive national agricultural policy that assures—

(i) production levels adequate to meet the nutritional needs of all Americans and respond to rising food requirements throughout the world;

(ii) farm and ranch income at full parity levels that will improve opportunities for farm families, encourage production, provide for essential capital investment in farming, and provide for farm prices at full parity in the market place;

(iii) renewed commitment to the protection and conservation of rural land and water through support for improved conservation practices and research, and attention to agricultural land use in the formulation of plans for energy, water and mineral resources, transportation, and commercial, industrial, and residential development; and

(iv) support for programs and public services designed to respond to the unique economic and social conditions of rural communities;

(D) proper attention to the relationship between Federal programs and policies and the problems and needs of urban areas, including inner cities and the employment problems of their residents, especially youths;

(E) proper attention to the quality and quantity of health care, education and training programs, child care and other human services, and housing, essential to a full employment economy and to moving toward their availability for all individuals at costs within their means;

(F) policies concerning Federal aid to State and local governments, especially for public investment and unemployment related costs;

(G) national defense and other needed international programs;

(H) proper attention to the relationship between Federal grants, contracts, and procurement and the closure of military bases and other Federal facilities and the distribution of jobs and income among different regions of the Nation, and among urban, suburban, and rural areas;

(I) proper attention to balancing the Federal budget;

(J) proper attention to the dislocation of jobs caused by Federal laws, regulations, and policies;

(K) policies and programs designed to increase exports and improve the international competitive position of agriculture, business, and industry, including measures to promote a free and fair international trading system, a sound and stable international monetary system and innovation in agriculture, business, and industry;

(L) such other priority policies and programs as the President deems appropriate.

(Feb. 20, 1946, c. 33, § 6, as added Oct. 27, 1978, Pub.L. 95–523, Title I, § 106, 92 Stat. 1895.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in provision preceding par. (A), is Pub.L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see short title note set out under section 3101 of this title and Tables.

NOTES OF DECISIONS

Defenses 1

1. Defenses

Mortgagors who alleged they were unable to repay agricultural loans to farm credit bank as result of policy decisions of the Congress and the President regarding farming and effect of those policies on economic market did not have commercial frustration defense; given that loan at issue was variable-rate loan, it was foreseeable that interest rate would fluctuate, and stable interest rate could not be inserted as implied condition of loan agreement. Farm Credit Bank of St. Louis v. Dorr, Ill.App. 5 Dist.1993, 620 N.E.2d 549, 189 Ill.Dec. 581, 250 Ill. App.3d 1.

§ 1022d. President's Budget

(a) Recommendations

The President's Budget shall recommend levels of outlays and receipts which shall be consistent with the short-term economic goals of section 1022(a) (2) (A) of this title.

(b) Five-year projections of outlays and receipts

The President's Budget shall provide five-year projections of outlays and receipts consistent with the medium-term goals of section 1022a(b) of this title.

(c) Inclusion in Economic Report of President; purposeful development of expenditure and revenue elements; considerations governing determination of size of President's expenditures and revenue proposals

The principal elements in the President's Budget shall be set forth briefly in each Economic Report, toward the end of making clear the relationship between the President's Budget and the goals and policies set forth in such Economic Report. Both the expenditure and revenue elements of the President's Budget shall be developed to promote the purposes, policies, and goals of the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.]. The size of the President's expenditure and revenue proposals, and the relationships between such proposals, shall be determined in a manner which gives consideration to the needs of the economy and the people in the priority areas set forth in section 1022c of this title, and the relationship between the President's expenditure and revenue proposals shall be guided accordingly.

(Feb. 20, 1946, c. 33, § 7, as added Oct. 27, 1978, Pub.L. 95–523, Title I, § 107, 92 Stat. 1896.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in subsec. (c), is Pub.L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

§ 1022e. Inflation

(a) Methods and requirements for achieving price stability

The Congress determines that the objective of achieving reasonable price stability as soon as feasible, as set forth in section 1022(a)(3) of this title and section 1022a(a) of this title, shall be pursued by the methods and subject to the requirements of section 1022b(b) of this title.

(b) Coordination of fiscal or monetary policies with specific targeted policies

The Congress finds that sole dependence upon fiscal or monetary policies or both to combat inflation can exacerbate both inflation and unemployment. The Congress finds that the coordinated use of fiscal and monetary policies in conjunction with specific targeted policies are necessary to combat inflation.

(c) Policy initiation and recommendations; elements of structural policies

The President shall initiate specific policies to reduce the rate of inflation, including recommendations to the Congress where necessary, and include recommendations within the Economic Report and the President's budget to the extent practicable. Structural policies to reduce the rate of inflation may include—

(1) an effective information system to monitor and analyze inflationary trends in individual economic sectors, so that the

President and Congress can be alerted to developing inflation problems especially those caused by bottlenecks inhibiting the flow of goods and services;

(2) programs and policies for alleviating shortages of goods, services, labor, and capital, with particular emphasis on food, energy, and critical industrial materials to aid in stabilizing prices;

(3) the establishment of stockpiles of agricultural commodities and other critical materials to help stabilize prices, meet emergency needs, and promote adequate income to producers;

(4) encouragement to labor and management to increase productivity within the national framework of full employment through voluntary arrangements in industries and economic sectors;

(5) recommendations to increase competition in the private sector and to improve the economic climate for the creation and growth of smaller businesses, including recommendations to strengthen and enforce the antitrust laws, the patent laws, and the internal revenue laws and regulations;

(6) removal or proper modification of such Government restrictions and regulations as added unnecessarily to inflationary costs;

(7) increasing exports and improving the international competitive position of agriculture, business, and industry; and

(8) such other administrative actions and recommendations for legislation as the President deems desirable, to promote reasonable price stability.

(Feb. 20, 1946, c. 33, § 8, as added Oct. 27, 1978, Pub.L. 95–523, Title I, § 109, 92 Stat. 1898.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

§ 1022f. Advisory board or boards

(a) Establishment

An advisory board or boards (including regional advisory boards) may be established as the President deems appropriate, to advise and consult periodically with one or more of the following: The President, the Council of Economic Advisers, and such other departments and agencies of the executive branch of the Federal Government as the President shall determine.

(b) Composition; duties; compensation

Such advisory board or boards shall include appropriate representation of labor, small and larger businesses and industries, agriculture, consumers, State and local officials, and the public at large, and shall advise and consult with respect to matters related to this chapter, the Full Employment aand [1] Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.], and other appropriate matters related to national economic programs and policies. The President shall, in accordance with applicable provisions of law, take the steps necessary to provide appropriate compensation to the members of such advisory board or boards.

(Feb. 20, 1946, c. 33, § 9, as added Oct. 27, 1978, Pub.L. 95–523, Title I, § 111, 92 Stat. 1899.)

[1] So in original. Probably should be "and".

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

References in Text

The Full Employment and Balanced Growth Act of 1978, referred to in subsec. (b), is Pub.L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

Termination of Advisory Boards

Advisory boards established after Jan. 5, 1973, to terminate not later than the expiration of the 2-year period beginning on the date of their establishment, unless, in the case of a board established by the President or an officer of the Federal Government, such board is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a board established by the Congress, its duration is otherwise provided for by law. See sections 3(2) and 14 of Pub.L. 92–463, Oct. 6, 1972, 86 Stat. 770, 776, set out in the Appendix to Title 5, Government Organization and Employees.

§ 1023. Council of Economic Advisers

(a) Creation; composition; qualifications; selection of chairman and vice chairman

There is created in the Executive Office of the President a Council of Economic Advisers (hereinafter called the "Council"). The Council shall be composed of three members who shall be appointed by the President by and with the advice and consent of the Senate, and each of whom shall be a person who, as a result of his training, experience, and attainments, is exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the Government in the light of the policy declared in section 1021 of this title, and to formulate and recommend national economic policy to promote full employment, production, and purchasing power under free competitive enterprise. The President shall designate one of the members of the Council as chairman and one as vice chairman, who shall act as chairman in the absence of the chairman.

(b) Employment of specialists, experts, and other personnel

The Council is authorized to employ, and fix the compensation of, such specialists and other experts as may be necessary for the carrying out of its functions under this chapter, without regard to the civil-service laws, and is authorized, subject to the civil-service laws, to employ such other officers and employees as may be necessary for carrying out its functions under this chapter, and fix their compensation in accordance with Chapter 51 and subchapter III of Chapter 53 of Title 5.

(c) Duties

It shall be the duty and function of the Council—

(1) to assist and advise the President in the preparation of the Economic Report;

(2) to gather timely and authoritative information concerning economic developments and economic trends, both current and prospective, to analyze and interpret such information in the light of the policy declared in section 1021 of this title for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the achievement of such policy, and to compile and submit to the President studies relating to such developments and trends;

(3) to appraise the various programs and activities of the Federal Government in the light of the policy declared in section 1021 of this title for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing, to the achievement of such policy, and to make recommendations to the President with respect thereto;

(4) to develop and recommend to the President national economic policies to foster and promote free competitive enterprise including small and larger business, to avoid economic fluctuations or to diminish the effects thereof, and to maintain full employment, production, and purchasing power;

(5) to make and furnish such studies, reports thereon, and recommendations with respect to matters of Federal economic policy and legislation as the President may request.

(d) Annual report

The Council shall make an annual report to the President in December of each year.

(e) Consultation with other groups and agencies; utilization of Government services and private research agencies

In exercising its powers, functions and duties under this chapter—

(1) the Council may constitute such advisory committees and may consult with such representatives of industry, agriculture, labor, consumers, State and local governments, and other groups, as it deems advisable, and shall consult with the board or boards established under section 1022f of this title;

(2) the Council shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies as well as of private research agencies, in order that duplication of effort and expense may be avoided.

In its work under this chapter and the Full Employment and Balanced Growth Act of 1978 [15 U.S.C.A. § 3101 et seq.], the Council is authorized and directed to seek and obtain the cooperation of the various executive and independent agencies in the development of specialized studies essential to its responsibilities.

(f) Appropriations

To enable the Council to exercise its powers, functions, and duties under this chapter, there are authorized to be appropriated such sums as may be necessary.

(Feb. 20, 1946, c. 33, § 10, formerly § 4, 60 Stat. 24; Oct. 28, 1949, c. 782, Title XI, § 1106(a), 63 Stat. 972; June 16, 1961, Pub.L. 87–49, 75 Stat. 93; renumbered § 10 and amended Oct. 27, 1978, Pub.L. 95–523, Title I, §§ 104, 110, 92 Stat. 1893, 1899.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. House Report No. 1520, see 1946 U.S. Code Cong. Service, p. 1067.

1949 Acts. House Report No. 1264 and Conference Report No. 1447, see 1949 U.S. Code Cong. Service, p. 2363.

1961 Acts. Senate Report No. 258, see 1961 U.S. Code Cong. and Adm. News, p. 1774.

1978 Acts. Senate Report No. 95–1177, see 1978 U.S. Code Cong. and Adm. News, p. 4398.

References in Text

The civil-service laws, referred to in subsec. (b), are set forth in Title 5, Government Organization and Employees. See, particularly, § 3301 et seq. of that Title.

The Full Employment and Balanced Growth Act of 1978, referred to in subsec. (e), is Pub.L. 95–523, Oct. 27, 1978, 92 Stat. 1887, as amended, which is classified principally to chapter 58 (§ 3101 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

Codifications

In subsec. (a), provisions that fixed the compensation of members of the Council have been omitted as obsolete. The positions of chairman and members of the Council are under the Executive Schedule, see sections 5313 and 5315 of Title 5, Government Organization and Employees.

In subsec. (b), provisions that authorized the Council to fix the compensation of such specialists and other experts as may be necessary for the carrying out of its functions under this chapter, without regard to "the Classification Act of 1923, as amended", were omitted as obsolete. Sections 1202 and 1204 of the Classification Act of 1949, 63 Stat. 972, 973, repealed the 1923 Act and all laws or parts of laws inconsistent with the 1949 Act. While section 1106(a) of the 1949 Act provided that references in other laws to the 1923 Act should be held and considered to mean the 1949 Act, it did not have the effect of continuing the exceptions contained in this subsection because of section 1106(b) which provided that the application of the 1949 Act to any position, officer, or employee shall not be affected by section 1106(a). The Classification Act of 1949 was repealed by Pub.L. 89–554, Sept. 6, 1966, § 8(a), 80 Stat. 632 (of which section 1 revised and enacted Title 5, Government Organization and Employees, into law). Section 5102 of Title 5 contains the applicability provisions of the 1949 Act, and section 5103 of Title 5 authorizes the Office of Personnel Management to determine the applicability to specific positions and employees.

"Chapter 51 and subchapter III of chapter 53 of title 5" substituted in subsec. (b) for "the Classification Act of 1949" on authority of Pub.L. 89–554, § 7(b), Sept. 6, 1966, 80 Stat. 631, the first section of which enacted Title 5.

Amendments

1978 Amendments. Subsec. (a). Pub.L. 95–523, § 110(a)(1), inserted "full" following "policy to promote".

Subsec. (c)(4). Pub.L. 95–523, § 110(a)(2), inserted "including small and larger business" following "free competitive enterprise" and added "full" following "and to maintain".

Subsec. (e). Pub.L. 95–523, § 110(a)(3), (4), inserted in par. (1) ", and shall consult with the board or boards established under section 1022f of this title" following "as it deems advisable" and following par. (2) added provisions authorizing and directing the Council to seek and obtained the cooperation of executive and independent agencies in the development of specialized studies essential to its responsibilities.

1961 Amendments. Subsec. (f). Pub.L. 87–49 eliminated provisions which limited the appropriations for salaries of the members and officers and employees of the Council to not more than $345,000 for each fiscal year.

1949 Amendments. Subsec. (b). Act Oct. 28, 1949, substituted "Classification Act of 1949" for "Classification Act of 1923".

Transfer of Functions

Certain functions of the Council of Economic Advisers transferred to the Chairman, see 1953 Reorg. Plan No. 9, eff. Aug. 1, 1953, 18 F.R. 4542, set out as a note under this section. The 1953 Reorg. Plan No. 9 also abolished the office of vice chairman.

Repeals

Act Oct. 15, 1949, c. 782, 63 Stat. 880, formerly set out in the credit to this section, was repealed (subject to a savings clause) by Pub.L. 89–554, § 8(a), Sept. 6, 1966, 80 Stat. 632, 655.

Termination of Advisory Committees

Advisory committees in existence on Jan. 5, 1973, to terminate not later than the expiration of the 2-year period following Jan. 5, 1973, unless, in the case of a committee established by the President or an officer of the Federal Government, such committee is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a committee established by the Congress, its duration is otherwise provided by law. See section 14 of Pub.L. 92–463, Oct. 6, 1972, 86 Stat. 776, set out in Appendix 2 to Title 5, Government Organization and Employees.

REORGANIZATION PLANS

REORGANIZATION PLAN NO. 9 of 1953

Eff. Aug. 1, 1953, 18 F.R. 4543, 67 Stat. 644

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended [see § 901 et seq. of Title 5, Government Organization and Employees].

Council of Economic Advisers

The functions vested in the Council of Economic Advisers by section 4(b) of the Employment Act of 1946 (60 Stat. 24) [subsec. (b) of this section], and so much of the functions vested in the Council by section 4(c) of that Act [subsec. (c) of this section] as consists of reporting to the President with respect to any function of the Council under the said section 4(c) [subsec. (c) of this section], are hereby transferred to the Chairman of the Council of Economic Advisers. The position of Vice Chairman of the Council of Economic Advisers, provided for in the last sentence of section 4(a) of the said Act, [subsec. (a) of this section] is hereby abolished.

EXECUTIVE ORDERS

EXECUTIVE ORDER NO. 10802

Ex.Ord. No. 10802, Jan. 23, 1959, 24 F.R. 557, which established the Committee on Government Activities Affecting Prices and Costs, was revoked by Ex.Ord. No. 10928, Mar. 23, 1961, 26 F.R. 2547.

EXECUTIVE ORDER NO. 11453

Ex.Ord. No. 11453, Jan. 24, 1969, 34 F.R. 1301, which established the Cabinet Committee on Economic Policy, was revoked by Ex.Ord. No. 11702, Jan. 25, 1973, 38 F.R. 2957, formerly set out as a note under section 887d of Title 20, Education.

EXECUTIVE ORDER NO. 12296

Ex. Ord. No. 12296, Mar. 2, 1981, 46 F.R. 15129, as amended by Ex. Ord. No. 12309, June 9, 1981, 46 F.R. 30997, which provided for the establishment, functions administration and termination of the President's Economic Policy Advisory Board, was revoked by Ex. Ord. No. 12692, Sept. 29, 1989, 54 F.R. 40627, formerly set out as a note under section 14 of the Federal Advisory Committee Act, in Appendix 2 to Title 5, Government Organization and Employees.

Term of the President's Economic Policy Advisory Board extended until Sept. 30, 1984, see Ex.Ord. No. 12399, Dec. 31, 1982, 48 F.R. 379, formerly set out as a note under section 14 of the Federal Advisory Committee Act in the Appendix to Title 5.

Term of the President's Economic Policy Advisory Board extended until Sept. 30, 1985, see Ex.Ord. No. 12489, Sept. 28, 1984, 49 F.R. 38927, formerly set out as a note under section 14 of the Federal Advisory Committee Act in the Appendix to Title 5.

Term of the President's Economic Policy Advisory Board extended until Sept. 30, 1987, see Ex.Ord. No. 12534, Sept. 30, 1985, 50 F.R. 40319, formerly set out as a note under section 14 of the Federal Advisory Committee Act in the Appendix to Title 5.

Term of the President's Economic Policy Advisory Board extended until Sept. 30, 1989, see Ex.Ord. No. 12610, Sept. 30, 1987, 52 F.R. 36901, set out as a note under section 14 of the Federal Advisory Committee Act in the Appendix to Title 5.

EXECUTIVE ORDER NO. 12835

Jan. 25, 1993, 58 F.R. 6189

ESTABLISHMENT OF THE NATIONAL ECONOMIC COUNCIL

By the authority vested in me as President of the United States by the Constitution and the laws of the United States of America, including sections 105, 107, and 301 of title 3, United States Code, it is hereby ordered as follows:

Section 1. Establishment

There is established the National Economic Council ("the Council").

Sec. 2. Membership

The Council shall comprise the:

(a) President, who shall serve as Chairman of the Council;

(b) Vice President;

(c) Secretary of State;

(d) Secretary of the Treasury;

(e) Secretary of Agriculture;

(f) Secretary of Commerce;

(g) Secretary of Labor;

(h) Secretary of Housing and Urban Development;

(i) Secretary of Transportation

(j) Secretary of Energy;

(k) Administrator of the Environmental Protection Agency;

(*l*) Chair of the Council of Economic Advisers;

(m) Director of the Office of Management and Budget;

(n) United States Trade Representative;

(*o*) Assistant to the President for Economic Policy;

(p) Assistant to the President for Domestic Policy;

(q) National Security Adviser;

(r) Assistant to the President for Science and Technology Policy; and

(s) Such other officials of executive departments and agencies as the President may, from time to time, designate.

Sec. 3. Meetings of the Council

The President, or upon his direction, the Assistant to the President for Economic Policy ("the Assistant"), may convene meetings of the Council. The President shall preside over the meetings of the Council, provided that in his absence the Vice President, and in his absence the Assistant, will preside.

Sec. 4. Functions

(a) The principal functions of the Council are: (1) to coordinate the economic policy-making process with respect to domestic and international economic issues; (2) to coordinate economic policy advice to the President; (3) to ensure that economic policy decisions and programs are consistent with the President's stated goals, and to ensure that those goals are being effectively pursued; and (4) to monitor implementation of the President's economic policy agenda. The Assistant may take such actions, including drafting a Charter, as may be necessary or appropriate to implement such functions.

(b) All executive departments and agencies, whether or not represented on the Council, shall coordinate economic policy through the Council.

(c) In performing the foregoing functions, the Assistant will, when appropriate, work in conjunction with the Assistant to the President for Domestic Policy and the Assistant to the President for National Security.

(d) The Secretary of the Treasury will continue to be the senior economic official in the executive branch and the President's chief economic spokesperson. The Director of the Office of Management and Budget, as the President's principal budget spokesperson, will continue to be the senior budget official in the executive branch. The Council of Economic Advisers will continue its traditional analytic, forecasting and advisory functions.

Sec. 5. Administration

(a) The Council may function through established or ad hoc committees, task forces or interagency groups.

(b) The Council shall have a staff to be headed by the Assistant to the President for Economic Policy. The Council shall have such staff and other assistance as may be necessary to carry out the provisions of this order.

(c) All executive departments and agencies shall cooperate with the Council and provide such assistance, information, and advice to the Council as the Council may request, to the extent permitted by law.

WILLIAM J. CLINTON.

LIBRARY REFERENCES

Administrative Law

Departments and independent agencies, see West's Federal Practice Manual § 4342.10.

American Digest System

United States ⇔33.

Encyclopedias

C.J.S. United States § 33.

§ 1024. Joint Economic Committee

(a) Composition

There is established a Joint Economic Committee, to be composed of ten Members of the Senate, to be appointed by the President of the Senate, and ten Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. In each case, the majority party shall be represented by six Members and the minority party shall be represented by four Members.

(b) Functions

It shall be the function of the joint committee—

(1) to make a continuing study of matters relating to the Economic Report;

(2) to study means of coordinating programs in order to further the policy of this chapter; and

(3) as a guide to the several committees of the Congress dealing with legislation relating to the Economic Report, not later than March 1 of each year (beginning with the year 1947) to file a report with the Senate and the House of Representatives containing its findings and recommendations with respect to each of the main recommendations made by the President in the Economic Report, and from time to time to make such other reports and recommendations to the Senate and House of Representatives as it deems advisable.

(c) Vacancies; selection of chairman and vice chairman

Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as in the case of the original selection. The joint committee shall select a chairman and a vice chairman from among its members.

United States Department of State
OFFICE OF THE
Under Secretary of State
for Economic, Business, and
Agricultural Affairs

Washington, D.C. 20520-7512

FAX COVER SHEET

Date: 8/7/98

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Telephone: (202) 647-7513
Fax: (202) 647-9763

SUBJECT: Michele: Attached is a letter we've drafted in respon[se] to issues Senator Hagel has raised with Stu. It make[s] reference to Senator Hagel's comments to Stu on the documents CEA provided to Senator Enzi. As you suggested, our LegAffairs people spoke to Roger Ballantine and read him the relevant portion of this letter. He apparently said that he was comfortable. Stu has approved this approach pending CEA's clearance. He wants to be as positive as we can be, with your blessing, on this issue. If we can go further, I'd be interested i[n] your specific ideas, and, of course, want to address your concerns and equities appropriately. I'll call soon. Thanks

Dear Senator Hagel:

I understand from Under Secretary Eizenstat that in your last telephone conversation with him on August 2 you raised concerns regarding the economic documents made available by the Council of Economic Advisors (CEA) to Senator Enzi, at his request. Since your conversation with Under Secretary Eizenstat, he has pursued this issue. As Under Secretary Eizenstat indicated to you, the State Department does not possess the CEA documents, so they were not provided to you pursuant to your request to us for our economic documents. Communication between CEA and Senator Enzi was coordinated through the White House, as is the practice with such requests. The number and complexity of recent climate change-related requests have been substantial, and interagency coordination on these sorts of matters should improve.

At Under Secretary Eizenstat's request, we have contacted CEA regarding your interest in their documents. They are quite willing to work with you on this matter, as they did with Senator Enzi. I hope that you also find useful "The Kyoto Protocol and the President's Policies to Address Climate Change: the Administration's Economic Analysis," which we sent to you last Friday, when it was released. Dr. Janet Yellen of CEA has offered to brief interested Senators on this economic analysis. On either matter, please have your staff contact CEA's Chief of Staff Michele Jolin to make arrangements.

In regard to your continuing interest in economic analysis related to the Kyoto Protocol, Under Secretary Eizenstat has explained that while in Kyoto he relied upon on-site assessments by the economic agencies. These assessments, as he indicated to you, were based on the extensive analysis by CEA using the Batelle Second Generation economic model, and, more generally, upon a thorough examination of related outside research and models. We have provided you an initial tranche of the documents in our possession that relate to your March 22 request, and will complete work on the remainder of your document request in the near future. Through my July 15 letter to you and Under Secretary Eizenstat's conversation with you last Friday, we also followed up on other questions raised in your July 14 letter to Secretary Albright. I was pleased to learn from Under Secretary Eizenstat that you seemed satisfied with his explanation to you of our approach to meaningful participation by developing countries and of how the defense issues were handled at Kyoto.

I hope this information has been helpful. Please contact us again should you have any further questions regarding our international efforts on climate change.

Sincerely,

Barbara Larkin
Assistant Secretary
Legislative Affairs

Clinton Presidential Records
Digital Records Marker

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The Kyoto Protocol and the President's Policies to Address Climate Change:

Administration Economic Analysis

July 1998

7-29-98

THE WHITE HOUSE

WASHINGTON

'98 JUL 25 8:45

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JLY
JAF
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July 26, 1998

Good work!

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN TDS

SUBJECT: Climate Change Weekly Report (weeks of July 13 and 20)

Congressional

Appropriations. A little good news in the House this week. First, we worked with Rep. Obey on an amendment to override the Knollenberg gag order in the report to the VA-HUD bill. The amendment passed 226-198, with 175 Ds and 51 Rs voting for it. Rep. Greenwood had planned to offer an amendment to neutralize the Knollenberg bill language, but at the last minute, Greenwood, decided to not offer it. We were working this hard, as were the enviros. It would surely have lost, but probably with a respectable vote. Greenwood, along with Reps. Boelhert and Waxman, criticized the bill language during floor debate. Because the Senate bill does not contain any such language on this issue, we are hopeful that we can work with the Senate and these House members to modify the language in conference.

Second, after an initial 213-212 defeat, the House accepted a Skaggs/Fox amendment to the Interior Approps bill to add back $45 million to DOE's energy efficiency budget; $34 million of this was part of our climate change initiative. This still leaves us far below your requested increase of $193 million, but it was an important step in the right direction.

Domestic policy

Economic analysis. CEA's economic analysis, which provides the underpinning to Janet Yellen's February economic testimony on the Hill, is ready for release. There is one open issue that I will address through a separate memo that should be ready for your review Monday or Tuesday.

Federal energy. As you know, we used this week's radio address to roll out the first four elements of your federal energy plan, all related to significantly reducing the use of energy in federal buildings. A good AP story ran in the Sunday *Washington Post.* Your announcement included: (1) a directive to all agencies urging them to maximize their use of energy saving performance contracts, accompanied by specific OMB guidance; (2) a new campaign to replace 300,000 light bulbs/fixtures in federal buildings with fluorescents in the next three years; (3) a directive to agencies to maximize efforts to earn EPA's Energy Star label for their buildings; (4) DOD's and six other agencies' agreement to build all new buildings, starting in the year 2000, according to sustainable design principles (e.g., 50% more energy efficient). We are pressing ahead on the other elements of your federal energy plan.

We should [illegible] good for [illegible] that will get [illegible] implementation [illegible]

good

7-29-98

Auto tax credit. I met separately with GM and Chrysler this week to see if the logjam could be broken in discussions on an auto tax credit. The discussions to date, led by NEC, CEQ and OVP, have foundered on the companies' opposition to a performance based credit (i.e., a credit for cars that achieve two/three times ordinary mileage for their class). What they would support is a credit for use of specific technologies -- such as hybrid engines. Our side has resisted until now out of concern that unless the credit is performance based, you can't be certain that greenhouse gas emissions will decline; the technology could be put into larger cars so that net emissions, compared to a conventional engine in a smaller car, were the same. GM argues that these technologies will always save emissions because even if the hybrid goes into a bigger car, it'll emit less than a conventional engine in the bigger car. My feeling is that to have an auto tax credit which Detroit would actively support on the Hill would be a huge boost for us -- and would give us a transportation initiative with some zip -- so I want to rapidly explore whether we can't bend enough to make a deal. Adequate acceptance by the environmental community (which likes our performance based proposal) would be essential to make this work.

agree this work out

Industry consultations. We met recently with CEOs from the steel, cement and forest products industries. The meetings were cordial, but there is a good deal of wariness on the part of many of these leaders. They are uncertain about the level of reductions that would be expected of them under a ratified treaty, uncertain about how mechanisms like trading would work, and concerned about the lack of developing country participation. The Asian financial crisis has made this last concern a good deal more acute, especially for industries like steel and forest products facing stiff competition from those countries. The idea that our Kyoto obligations would give these countries *another* price advantage (beyond cheap labor and a devalued currency), riles many of these CEOs. We, of course, stress the value of working in partnership with us, but with many industries, this is going to be tough sledding.

Diplomatic

* good!

A senior Chinese official has offered one of the most positive statements from her government to date on the topic of emissions trading. Deng Nan, Vice Minister of Science and Technology (and daughter of Deng Xiaoping), said that China is willing to work with other countries to develop rules for emissions trading and would welcome further discussions with the U.S. on this topic. The remarks came during a ceremony attended by Ambassador Sasser, launching a program to build a demonstration energy efficient building in Beijing.

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cc: Vice President
Erskine Bowles
John Podesta
Ron Klain
Jack Lew
Katie McGinty
Mike McCurry
Gene Sperling
Jim Steinberg
Janet Yellen

7-24-98

THE WHITE HOUSE

WASHINGTON

'98 JUL 25 PM 3:45

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Copied
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July 26, 1998

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cc: Vice President
Erskine Bowles
John Podesta
Ron Klain
Jack Lew
Katie McGinty
Mike McCurry
Gene Sperling
Jim Steinberg
Janet Yellen

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

July 29, 1998

Dear Senator Enzi:

I understand that you would like me to elaborate on the views I expressed during my testimony before Congress regarding public disclosure of the documents that were relied on in preparation of my testimony on the economic implications of the Kyoto Protocol. It is also my understanding that you are specifically interested in the reasons why public disclosure of these documents would not be useful to U.S. interests in ongoing international negotiations.

The economic materials relied on in the preparation of my testimony reflect internal deliberations of the Executive Branch, and in particular, of the President's economic advisers. Nonetheless, we provided these documents to you and several House Committees, expressly on the basis that they not be made public. We did so in an effort to accommodate the legitimate oversight needs of Congress while preserving the President's interest in the confidentiality of Executive Branch deliberations. The White House Counsel's Office is concerned that public disclosure of these materials would set an unfortunate precedent that could chill the free flow of internal discussions essential to effective Executive decision making. Counsel believes that such disclosure is not necessary for purposes of Congressional oversight.

In addition, disclosure of some of these documents would not be helpful to the position of the United States in ongoing international negotiations. The documents reveal Administration assessments of the costs of options that are the topic of ongoing negotiations in international fora. We prefer that other countries participating in those negotiations not have access to such materials.

I appreciate your consideration of our views on this matter . Please let me know if you have any other questions or need additional information.

Sincerely,

Janet L Yellen

Janet L. Yellen

The Honorable Michael B. Enzi
United States Senate
Russell Senate Office Building
Washington, D.C. 20510

c:\work\climate\support

Potential Support for Climate Change Testimony

Ev Ehrlich ESC Company Twelfth Floor 818 Connecticut Ave., NW Washington, D.C. 20006	phone: (202) 347-3200	fax: (202) 347-4334
Robert Repetto * Hagler-Bailly P.O. Box Drawer O Boulder, Colorado 80306-1906 *cc any correspondence to his office at:	phone: (303) 417-8226	fax: (303) 443-5684
Robert Repetto Senior Fellow World Resources Institute 1709 New York Avenue, N.W. Washington, D.C. 20006	phone: (202) 662-3482	fax: (303) 638-0036
Alan Blinder Department of Economics Princeton University Princeton, New Jersey 08544-1021	phone: (609) 258-3358	fax: (609) 258-5398
Joe Stiglitz Sr. Vice President and Chief Economist The World Bank, Room MC 4315 1818 H Street, N.W. Washington, D.C. 20433	phone: (202) 473-3774	fax: (202) 522-1158
Ken Arrow Department of Economics Stanford University 579 Serra Mall Stanford, California 94305	phone: (650) 723-9165	fax: (650) 725-5702
Paul Krugman Department of Economics MIT E52, Room 383A 77 Massachusetts Avenue Cambridge, Massachusetts 02139-4307	phone: (617) 253-1551	fax: (617) 253-1330
Steve DeCanio Department of Economics 3019 North Hall University of California, Santa Barbara Santa Barbara, California 93106	phone: (805) 893-3130	fax: (805) 893-8830

THE WHITE HOUSE

WASHINGTON

OFFICE OF THE ASSISTANT TO THE PRESIDENT FOR SPECIAL PROJECTS

Fax Transmittal Sheet

To: Janet Yellen

Fax Number: 5-6958 Telephone Number:

From: TODD ~~STERN~~ JONATHAN ADASHEK

Subject:

Date:

Number of Pages (including cover sheet): 13

Message:

Paper for 2:30

(If all pages are not received, please call (202) 456-2702.)

July 15, 1998

Meeting with Steel Industry Executives on Climate Change

DATE: July 16, 1998
LOCATION: The Roosevelt Room
TIME: 2:30 - 4:00 p.m.
FROM: Todd Stern and Dirk Forrister

I. PURPOSE

To meet with eleven CEOs from the steel industry, including the CEOs of U.S. Steel, Inland and Bethlehem, to discuss cooperative efforts to reduce greenhouse gases.

This meeting is the third in a series of meetings with top executives of energy intensive industries. The meeting follows a series of scoping meetings between Administration staff and company representatives. This meeting is part of the industry consultations that are an element of the President's climate change policy, announced last October. The idea of encouraging industries to develop their own plans for reducing greenhouse gases, with support and assistance from the government, was discussed last August in the President's meeting with the CEOs of 10 Fortune 500 companies. Hank Barnette, the CEO of Bethlehem, participated in that meeting.

Key objective for meeting: Begin a productive dialogue that will have the buy-in of top level industry management. The meeting will include a discussion of (1) our approach to climate change, (2) the industry's perspective on the issue, and (3) how we can work together to make real progress.

We are looking to enter into the first set of voluntary agreements with a number of industries in the fall. They should include four simple elements:

- an agreement to do an emissions **inventory** and to establish ongoing emissions **measurement** by a date certain;
- an agreement to review energy practices and **options** for improving emissions by a date certain;
- a statement of an initial **"stretch goal"** for emissions reduction or improved energy efficiency; and
- an agreement to formulate an **action plan** by a date certain for achieving the goal.

II. BACKGROUND

In the United States, the industrial sector emits about one-third of total greenhouse gases. The manufacturing sector represents about 80% of the industrial sector (remainder is mining and agriculture). The Department of Energy's *Industries of the Future* program focuses on the industries that are the most energy intensive (i.e. amount of energy per unit of production at 15-30% of cost) and represent 80% of the manufacturing sector's energy consumption. The steel industry is a participant of *Industries of the Future* and represents approximately 9% of total U.S. industrial energy consumption.

One of the reasons this industry feels positive toward these consultations is their appreciation of the fact that one of their own -- Hank Barnette, CEO of Bethlehem Steel -- was first to raise the prospects for this type of voluntary initiative when he met with the President last August.

<u>Highlights on Steel Industry and Actions</u>

- The U.S. steel industry is one of the world's largest (essentially even with Japan and China), accounting for nearly 13% (107 million tons) of the total world raw steel production of more than 800 million tons in 1997. Major markets for the industry, which had sales of $54 billion in 1997, include construction, containers and packaging, automotive, and appliances. The ten largest U.S. steel makers (based on 1997 fourth quarter sales) account for approximately 71% of total sales. Two of the top ten -- U.S. Steel and Bethlehem -- are represented at this meeting and represent about 21% of U.S. steel sales.

- Total employment in the U.S. iron and steel industry is about 200,000 people.

- The iron and steel industry produced 107.4 million tons of product last year and consists of two major types of facilities:

  - **integrated** (ore-based): 61.0 million tons of product in 20 mills owned by 14 companies.

  - **electric arc furnace** (scrap-based): 46.4 million tons of product in 122 facilities owned by 85 companies.

- Energy sources for the steel industry are: **60% coal** -- for coke and thermal processes; **28% natural gas**; **9% electricity** (excluding generation and line losses); 3% other.

- The greenhouse gas emitted from steel production is CO_2 from the reduction of iron oxide to iron in blast furnaces, the combustion of fuels on site, and generation of electricity.

- The industry has reduced its energy intensity by 45% since 1975.

- Steel is recycled more than all other materials combined. In 1997, the U.S. steel industry consumed 61.6 million tons of iron and steel scrap. Approximately 50% of the steel in cans, over 70% of steel in appliances, and over 90% of steel in automobiles is currently recycled. The industry is aggressively attempting to raise these and other steel product reclamation rates.

- There is continuing green field development of electric arc furnace (EAF) mills which produce steel by remelting scrap. From 1995-97, 15 million tons of capacity was added. From 1998-2002, another 6 million tons is under construction and/or in planning, which would result in production capacity from EAFs of 50% of the U.S. steel production. In other words, under a normal planning scenario, greenhouse gas emissions will improve, since EAF steel is less than half as energy intensive as integrated (virgin) production.

- The industry's continued environmental improvement turns on its continued economic health. Over the last decade, the industry has been very successful in achieving high efficiencies thanks to high capacity factors. If the market softens, the decreases in output could force loss of economies of scale and less efficient production--and higher emissions per unit of output. This is a real issue for them as the Asian financial crisis has greatly increased the amount of imported steel from this region due to currency devaluations. They cannot bring a "dumping" charge against their competitors for this cause.

- The industry is interested in government policies that would encourage greater recycling, higher efficiency, and greater yields.

- The EAF producers want this effort to be an **industry** initiative because they don't want to compete with the integrated producers with identical targets for emissions reductions since they are already 50% more efficient.

<u>Overview of Stretch Goal</u>

In 1994, the steel industry emitted 46.6 MMTce. In the business as usual (BAU) case, emissions are projected to decline by over 10% to 41.5 MMTce in 2010. (Note: 1990 figures for emissions are currently being developed, but not available at this time)

DOE estimates 20-25% below 1994 levels (about 12% below BAU) is a reasonable stretch goal. Industry has already conducted a "back of the envelope" analysis that projected a goal of 10% below 1990, provided they could take action voluntarily and utilize the full range of flexibility provisions available (any source or sink, any gas, any location -- domestic or international). For the BAU case, DOE's Energy Information Agency and *the Five Lab Study* assume the industry will improve its efficiency at a rate of 1.1% per year.

<u>Industry's Primary Issues of Concern</u>

- recognition that climate issue is important
- concerns about developing country involvement in era of global steel competition

- interest in "truly voluntary" agreement that doesn't negatively label non-participants
- need for better understanding of economic consequences of Kyoto
- need to recapture export market and expand market overall
- need for efficiency-based goals

III. PARTICIPANTS

Event Participants:

Administration:
Todd Stern, Katie McGinty, Dirk Forrister (Chair, Climate Change Task Force), Dan Reicher (Assistant Secretary Renewable Energy and Energy Efficiency, DOE), William White (Assistant to the Administrator, EPA), Denise Swink (Deputy Assistant Secretary in charge of *Industries of the Future*, DOE), Janet Anderson (Climate Change Task Force), Elizabeth Arner (Climate Change Task Force)

Steel Industry CEOs:
Robert Ackerman, President & CEO, Sheffield Steel Corporation
Hank Barnette, Chairman & CEO, Bethlehem Steel Corporation
Phillip Casey, Chairman & CEO, Ameristeel
Charles Finkl, Chairman & CEO, A. Finkl and Sons Company
Gordon Forward, President & CEO, Chaparral Steel Company
Gordon Geiger, Chairman & CEO, Qualitech Steel Corp.
Arthur Lupia, President & CEO, Border Steel Mills Inc.
Roger Phillips, President & CEO, IPSCO, Inc.
Eugene Salvadore, President & CEO, J&L Specialty Steel, Inc.
Charles Carson, Vice President Environmental Affairs, U.S. Steel Group
Thomas Danjezek, President, Steel Manufacturers Association
Andrew Sharkey, President & CEO, American Iron and Steel Institute
John Wittenborn, Counsel, Specialty Steel Industry of North America

IV. PRESS PLAN

Respond to press inquiries. Guidance attached in Q&A.

V. SEQUENCE OF EVENTS

- Enter The Roosevelt Room, informal introductions. Participants sit at table to begin discussion.

- Stern introduces Bowles and Bowles makes opening remarks to set stage and relay importance of meetings. Bowles invites Barnette to make opening remarks for steel industry.

- Barnette makes opening remarks linking back to the meeting with President last August. *[Option 1: Bowles departs after Barnette's remarks.]*

- Stern introduces McGinty and McGinty makes brief opening remarks to outline environmental importance of issue and tie to economic prosperity. Invites other companies to outline important issues.

- *(one or two other CEOs will raise issues; should know more on Wed.)*

- Stern outlines White House process and primary objectives.

- Stern/Forrister respond with questions to lead discussion on issues raised in opening remarks and importance of moving ahead on all four elements.

- Stern and industry agree to schedule of next steps.
  --Objective for Fall: Compact
  --Decision to proceed by early August and proposed process -- technical teams for all 4 elements
  --Points of Contact: Dirk Forrister, White House Climate Change Task Force
  Industry Contacts: TBD
  --Press Guidance

- Group departs.

VI. REMARKS/Q&A

Attached.

Talking Points for Erskine Bowles
Meeting with Steel Industry CEOs
July 15, 1998 -- 2:30 pm

- Thank you very much for coming to meet with us to discuss climate change and the ways in which your industry is making and can continue to make a contribution to reducing our greenhouse gas emissions.

- As you probably know, climate change is a matter that the President and Vice President take very seriously. During his recent trip to China, the President raised the issue repeatedly – both in meetings with President Jiang and Prime Minister Zhu and in numerous speeches.

- Last August, when the President met with the CEOs of ten major companies, many of those executives urged him to give industry the opportunity to work out their own plans for reducing emissions, without government interference.

- As an outgrowth of that suggestion we have begun a series of industry consultations aimed at (a) encouraging voluntary steps to reduce emissions and (b) soliciting suggestions about how we can help. The President understands -- and he made this clear in the August meeting -- that we can't deal effectively with this issue without the cooperative engagement of the private sector.

- What I hope you can accomplish today is to begin a constructive dialogue about (1) our approach to this issue, (2) your industry's perspective, and (3) how we can work together to make the kinds of improvements that will be good for you and good for the country.

- The President is looking for an active partnership and he is delighted that your industry is ready to play a constructive role.

- **[Erskine: at this point you can turn meeting back to Todd or can follow up with a couple questions. Suggested questions:**

  Q: [To Barnette or any of the participants]: What do you see as the best ways that the federal government, as a partner, could help the steel industry in reducing greenhouse gas emissions?

  Q: The Kyoto treaty includes certain free market provisions that allow companies to do projects abroad that reduce greenhouse gases and get emissions credits for doing so. Are these provisions that you would expect your industry to take advantage of?

  [NB: these provisions go under rubric of "joint implementation," with respect to projects in the industrialized world, and the "Clean Development Mechanism," with respect to projects in the developing world.]

Q: I know that the aluminum industry has already made significant strides in improving your energy efficiency. Where do you think the most promising opportunities lie for making further reductions?

INDUSTRY PROFILE

EVENT PARTICIPANTS AND COMPANY PROFILES

Robert W. Ackerman, President & CEO, Sheffield Steel Corporation
Sheffield Steel corporation had $175 million in annual sales in it most recent fiscal year and 600,000 tons of melt capacity. The company has a melt shop and rolling mill in Sand Springs, Oklahoma with two 85 ton electric arc furnaces, a ladle trim station, and a six strand continuous billet caster. It also has a rolling mill in Joliet, Illinois. Sheffield is a former Armco Steel plant.

Robert W. Ackerman has been President and CEO of Sheffield Steel Corp. since 1992. Prior to that, from 1988 to 1992, he was President and CEO of Lincoln Pulp and Paper Company, an integrated paper manufacturer. From 1977 to 1986, he was President of Premoid Corporation, a specialty paper company. From 1986 to 1988, he taught in the Advanced Management Program at Harvard Business School.

Curtis H. Barnette, Chairman & CEO, Bethlehem Steel Corporation
Bethlehem Steel Corporation is one of the largest steel producers in the nation with annual revenues of $5 billion and shipments of nine million tons of steel annually. Bethlehem Steel's Burns Harbor Division is the newest and most modern integrated steel plant in the U.S. This past April it co-hosted an Energy Technology Showcase with the Department of Energy that highlighted the numerous technologies developed as a result of collaborative efforts between the Federal government and the steel industry. Bethlehem's objectives are to increase stockholder value, serve their customers, establish partnerships among employees, and be a good corporate citizen.

Curtis H. (Hank) Barnette was elected Chairman and CEO of Bethlehem Steel in 1992. He previously served as Senior Vice President and Director for six years and as General Counsel and Secretary for 15 years. He joined Bethlehem as an Attorney in 1967. He is past Chairman of the American Iron and Steel Institute and past Chairman of the International Iron and Steel Institute.

Charles G. Carson, Vice President Environmental Affairs, U.S. Steel Group
USX Corporation's U. S. Steel Group, is the largest U.S. steel producer. Its executive offices are located in Pittsburgh, PA and it manufactures and sells a wide variety of steel mill products, coke and taconite pellets. U. S. Steel now produces 100 percent of its steel via continuous casters and has reduced man-hours per ton of output to historically low levels that place the company in a leading position worldwide. State-of-the-art technology controls more than 95 percent of emissions from company production facilities. While U. S. Steel continues to improve its control technology, it increasingly is focusing on outright prevention of pollution at the source. At

Clairton - the most environmentally advanced coke plant in the country - an internally developed program trains all employees on the efficient and effective operation of their facilities and their responsibility to the environment. The program has proven so successful that U. S. Steel has expanded it to other plants.

Dr. Charles G. Carson, III is Vice President Environmental Affairs for U.S. Steel. He has been an active member of the Steel Industry Technology Roadmap Steering Committee and the Common Sense Initiative.

Phillip E. Casey, Chairman & CEO, Ameristeel

Ameristeel first opened for business in 1937 as Florida Steel Products. It originally was a reinforcing steel fabricating company and strictly construction industry oriented. In 1956 it merged with six separate but related steel fabricating groups in Florida to become Florida Steel Corporation. It also began construction in Tampa on the Company's first electric steel minimill. In 1992, Florida Steel Corporation was acquired in a friendly takeover by Osaka, Japan-based Kyoei Steel LTD. a minimill steel manufacturer with steel making operations in Asia and North America.
In1996. Florida Steel Corporation changed its name to AMERISTEEL.

Phillip E. Casey joined AMERISTEEL as Chief Executive Officer in June, 1994. Prior to joining AMERISTEEL, Mr Casey was Vice Chairman of Birmingham Steel Corporation. During his nine year tenure with Birmingham Steel, he served as Vice President - Finance, Chief Financial Officer, Secretary and Treasurer, and Executive Vice President. Before joining Birmingham Steel Corporation, he spent 14 years in financial assignments with domestic and international affiliates of Exxon Corporation.

Thomas A. Danjczek, President, Steel Manufacturers Association

The Steel Manufacturers Association (SMA) consists of 59 North American steel producers, 9 international steel companies and 166 associate member companies. It is the largest steel trade group in North America, in terms of membership. SMA companies are geographically dispersed across the Continent, with 48 located in the U.S., seven in Canada, and four in Mexico. The SMA's U.S. members now account for more than forty percent of U.S. steel production.

The SMA membership represents a growing and dynamic segment of North America's steel industry. Most of the SMA's members are electric arc furnace (EAF) steel producers. They use a feedstock of virtually 100% iron and steel scrap to make new steel. Some enhance the scrap mix with alternative iron units. After the liquid steel is cast, it is hot and cold rolled into steel mill products, either at the same facility or at a separate operation.

Other SMA members are reconstituted integrated steel producers, making steel from iron ore, coke and scrap. In addition, the SMA includes several companies engaged exclusively in hot and/or cold rolling of raw steel products and splitting rail.

Thomas A. Danjczek became President of the Steel Manufacturers Association this past Feenuary. Prior to joining the SMA, Mr Danjczek held executive positions with Wheeling Pittsburgh Steel Corporation. He joined Wheeling Pittsburgh as General Superintendent - Steelmaking in 1983. Since 1991, he has held senior management position, including: President - Mingo Oxygen Company; Director - Business Improvement; General Manager - Steubenville Plants; General Manager - Primary Operations and Hot Bands, and General Manager - Quality and Technology. From 1970 to 1983, he was a supervisor with Bethlehem Steel Corporation and also held supervisory positions with Kaiser Steel Corporation.

Robert J. Darnell, Chairman & CEO, Inland Steel Industries, Inc.

Inland Steel Industries, Inc., founded in 1893, is the fifth largest integrated steel producer in the United States and accounts for approximately five percent of the nation's steel production. Approximately 99 percent of the Company's products consist of carbon and high-strength low-alloy steels. Inland's 1,900-acre steelmaking complex located in East Chicago, Indiana can produce 6.0 million tons of raw steel annually.

Robert J. Darnall is Chairman, President and Chief Executive Officer of Inland Steel Industries, Inc. Prior to assuming his present position on September 1, 1992, he was President and Chief Operating Officer. Darnall was elected President and Chief Operating Officer in 1986 when Inland's current corporate structure was adopted. He had served as President of Inland Steel Company and Chief Operating Officer of the Integrated Steel segment of the Corporation since 1984. Mr. Darnall is the American Iron and Steel Institutes 1998 Chairman.

Charles W. Finkl, Chairman & CEO, A. Finkl & Sons Company

Started in 1879 by Anton Finkl, a German immigrant, as the Finkl Forge Co.. A. Finkl & Sons has passed down through three generations of his descendants. A. Finkl & Sons Co. has evolved into one of the largest custom forgers in the U.S. The privately held firm, which employs more than 400 people, is anticipating 1997 revenues of $100 million. Its products include die blocks for the closed die forging industry, plastic mold and die casting die steels, custom open die forgings, and forge shop and steel mill repair parts. They are turned out from a fully integrated steel production facility in the heart of Chicago's near north side.

At its plant, Finkl's recycling effort currently reuses or recycles 99.7 percent of the solid waste generated by the company And on a broader scale, Finkl also is working to improve the environment by funding the planting of trees in protected forests. Under this effort, known as "Forging a Fresher America," the company has already funded the planting of 2 million trees in Illinois and Wisconsin. Today, A. Finkl & Sons Co. is one of the most efficient and productive forge shops in the business. Among the specific results: since the mid-1980s total energy consumed has declined to 105 therms from 165 therms per ton shipped and production efficiency, in terms of man-hours worked, has doubled.

Charles (Chuck) W. Finkl, current Chairman and Chief Executive Officer, is the great grandson of the founder. He also has a creative genius for vacuum metallurgy and has led the company into an era of new technology. Perhaps his most impressive achievement was development of the vacuum arc degassing (VAD) system. This is a patented process for vacuuming deleterious gasses from molten metal that, if left unattended, would result in cracks and impurities in the finished product. The VAD system today is licensed by Finkl to steelmakers across the world and provides the cleanest air-melted steel.

Gordon E. Forward, President & CEO, Chaparral Steel Company

Chaparral Steel Company, part of txi (formerly Texas Industries), is located approximately 35 miles east of Dallas/Fort Worth Airport International Airport in Midlothian, Texas and employs 960 people. Its initial production in 1975 was 180,000 tons per year, and has grown to 1.41 million tons per year in 1994. Chaparral Steel is an electric arc furnace steel producing company, as such it purchases discarded steel for processing into useable steel products. It has an on-site shredder operation that takes junked automobiles and other discards and processes them so that they can be melted in the furnace and made into new steel products. In 1995 Chaparral melted down 600,000 junked cars that had been processed by their shredder. The remaining 1.4 million tons of scrap consumed by their steelmaking furnace were purchased.

Dr. Gordon E. Forward has served as President and CEO of Chaparral Steel Company from 1982. Additionally, he served as President and CEO of Texas Industries Cement/Concrete Division from 1988 to 1991. Since 1991 he has been a Director of Texas Industries, a Fortune 500 Company. He is also currently a Director of the Steel Manufacturers Association.

Gordon H. Geiger, Chairman & CEO, Qualitech Steel Corporation

In January 1995, Qualitech Steel was incorporated and fund raising began to build a new state-of-the-art special quality steel bar mill in Pittsboro, Indiana and a plant to produce a new source of iron for melting, iron carbide, in Corpus Christi, Texas. Fundraising was completed in June of 1996 and those two plants are currently under design and construction, with a start-up expected in July of 1998. These two plants will employ approximately 400 people betweeen them and are projected to provide the lowest cost, highest quality steel in the US.

Dr. Gordon H. Geiger is currently the Chairman and CEO of the Qualitech Steel Corporation. Previous to his association with Qualitech, Dr. Geiger worked for Allis-Chalmers on iron ore processing plants and for Jones and Laughlin Steel Co. in its research department on steelmaking processes before joining the University of Wisconsin as an Assistant Professor of Metallurgical Engineering in 1965. After 15 years at various universities and positions, Dr. Geiger returned to the field of industry as an internal consultant at Inland Steel and as a Vice President of Chase Manhattan Bank. From 1983 to 1993 he was Vice President of North Star Steel, implementing Computer Integrated Manufacturing and Total Quality Management. He has also served as Senior Vice President promoted to various positions before becoming President and Chief Operating Officer in 1995.

Andrew G. Sharkey, President & CEO, American Iron & Steel Institute

The American Iron and Steel Institute (AISI) is a non-profit association composed of 48 producer member companies, including integrated, electric furnace and reconstituted mills, and 147 associate member companies who are suppliers to or customers of the industry, and 23 affiliate member companies who are downstream steel producers. Member companies account 70 percent of the raw steel produced in the U.S., most of the steel manufactured in Canada and over 80 percent of the total steel products manufactured in Mexico. AISI's mission is to promote steel as the material of choice and to enhance the competitiveness of its members and the North American steel industry.

Andrew G. Sharkey, III is President and CEO of the American Iron and Steel Institute and a member of the Board of Director of the National Association of Manufacturers (NAM) Associations Council, a member of the Trade Association Liaison Council and a member of the Key Industries Association Council of the American Society of Association Executives. Previous to AISI, Mr. Sharkey served for twelve years as the President of the Cleveland-based Steel Service Center Institute (SSCI), representing the North American steel service center industry.

John L. Wittenborn, Counsel, Specialty Steel Industry of North America (SSINA)

The Specialty Steel Industry of North America (SSINA) is a voluntary trade association representing virtually all the producers of specialty steel in North America. Its 17 members produce a variety of products including bar, rod, wire, angles, plate, sheet and strip, in stainless steel and other specialty steels. The association is Washington, DC,-based and represents virtually all continental producers of stainless and alloy tool steels, electrical steels, superalloys and other high-technology materials. The industry has annual sales of more than $8 billion.

John L. Wittenborn serves as Counsel to the Specialty Steel Industry of North America. He is currently a member of the law offices of Collier, Shannon, Rill & Scott, PLLC. Mr. Wittenborn's prior experience includes his service as the Assistant Chief of the Environmental Enforcement Section in the U.S. Department of Justice's Land and Natural Resources Division. He was also Chief of the Environmental Law Section of the General Litigation Division in the U.S. Air Force's Office of the Judge Advocate General.

THE WHITE HOUSE

WASHINGTON

June 27, 1998

Keith Ausbrook
Senior Counsel
Subcommittee on National Economic Growth,
Natural Resources & Regulatory Affairs
United States House of Representatives
B377 Rayburn House Office Building
Washington, D.C. 20515-6147

Dear Mr. Ausbrook:

This Office has received 8 boxes of documents from the Treasury Department, which the Department identified as responsive to your document request regarding climate change and reflecting deliberations during White House decision making processes. The Treasury Department followed procedures in place during this and previous Administrations to permit the White House an opportunity to review the materials and take steps to safeguard the President's interest in the confidentiality of those processes.

Given the quite substantial volume of materials and your desire to review them as soon as possible, we have not undertaken to second-guess the Treasury Department's determinations regarding the deliberative nature of the material or its responsiveness to your document request. In the interest of time, we have undertaken only a preliminary review to establish that most of the materials do in fact reflect White House decision making processes, and to enable us to reach an accommodation with the Subcommittee that meets your oversight needs while satisfying the President's constitutional and statutory obligations.

We are prepared to offer the vast bulk of the documents for review by Subcommittee staff, and to discuss providing copies of specific items you may request. Documents written to or by the most senior Administration officials or materials with potential diplomatic sensitivity will be available for review by Members only. We are not prepared at this time to make available memoranda and presentations to the President or Vice-President. In addition, given the unique and central role of the Department of State in ongoing international negotiations, that Department is being asked to review its materials found in the files of the Treasury Department.

Please contact me to discuss how we may make materials available.

Sincerely,

Robert N. Weiner
Senior Counsel
Office of Counsel to the President

MEMORANDUM

COUNCIL OF ECONOMIC ADVISERS

July 10, 1998

TO:
Janet Yellen, CEA
Todd Stern, WH
Rob Weiner, WH
Jim Steinberg, NSC
Gene Sperling, NEC
Sally Katzen, NEC
Bill Antholis, NEC
Katie McGinty, CEQ
David Sandalow, CEQ/NSC
Rosina Bierbaum, OSTP
Dirk Forrister, Climate Change Task Force
Larry Summers, Treasury
David Wilcox, Treasury
Wendy Sherman, State
Melinda Kimble, State
Victoria Greenfield, State
Mark Mazur, Energy
David Gardiner, EPA

FROM: Joe Aldy, CEA

RE: Draft of Climate Change Technical Support Document for Agency Clearance

Attached please find for your review and clearance the final draft of the Administration's climate change economic analysis document. While comments on the last circulated draft have been incorporated, the substance of the document is essentially unchanged from that version. The deadline for sending any necessary comments is 2 p.m. Saturday, July 11. My fax number is 395-6870; please copy all comments to Todd Stern at 456-2215. If you need to reach me by phone, I can be contacted at 395-1455. We appreciate all of the assistance and input provided by you and your staffs on earlier drafts.

MEMORANDUM

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July 10, 1998

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For Global Environment
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The Honorable Larry Summers
Under Secretary
Room 3326
Department of the Treasury

The Honorable David Wilcox
Room 3445
Main Treasury

July 10
Distribution
10:00 a.m.

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~~Room 3454~~
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~~Stuart Eizenstat~~
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Michele Jolin, Randy Lutter, Joe Aldy, Adele
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